

A collection of plumbing tools and components including a red-handled adjustable wrench, a braided metal hose with a brass fitting, a brass pipe with a threaded end, and a stainless steel pipe with a threaded end.

PLUMBING SERVICE101

Module 5 of 6

Operations Part 1

While many resources can be shared with an existing HVACR business, others are unique to plumbing. This webinar will explore the key personnel and organizational structure required to establish, sell, and grow a viable plumbing services division.



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Operations Part 1

Learning Objectives

At the end of this webinar, you will be able to:

1. Define the organizational structure and key roles needed to create a successful plumbing operation.
2. Determine which resources can be shared with an existing HVACR service department.
3. Identify best practices for implementing effective plumbing sales.
4. Evaluate areas suitable for establishing plumbing planned maintenance programs.

INTRODUCTION

Most business owners know the key to success is identifying, developing and empowering the right people. One of the greatest mistakes made in starting a new plumbing division is having someone running the business who (1) doesn't understand the plumbing market very well, (2) is not focused on what makes a plumbing department run correctly, and (3) is only focused on selling and maintaining HVACR service contracts and the pull through revenue that comes with it. A good plumbing service department, in its core, needs a champion for this type of work.

PLUMBING SERVICE ROLES

Plumbing service, for the most part is a reactionary, just-in-time, emergency business. That means the department must be structured correctly to support those requirements. The mindset, roles and responsibilities are similar to, but somewhat different than HVACR. Here are the key roles and corresponding responsibilities for establishing the departmental structure.

“Good players inspire themselves. Great players inspire others.”

The **Plumbing Champion** (i.e. your lead plumber, plumbing service manager or industry expert) is the most important person in the plumbing division. This person is the technical expert and understands the true nature of the work. That person's responsibilities are the following:

- Recruit and hire technically competent journeymen
- Provide technical assistance to the dispatcher, salespeople, and field technicians
- Determine nature of service requests and allocate necessary resources accordingly
- Provide support to ongoing field operations
- Provide journeyman and helper training
- Manage tools, equipment and warehouse resources
- Respond to customers' questions and issues

A well-trained **Service Dispatcher/Coordinator** is a must for scheduling and dispatching the work. That person also maintains the backflow testing program and handles customer questions and issues.

Another critical role, and often one of the hardest to fill, is the **24-Hour Answering Service**. Like HVACR, a successful plumbing service business must be available 24 hours a day, 365 days a year. If not already in place for your HVACR business, there must be a system for responding, at any time, to customers needing service. That system includes having an on-call schedule with primary and backup technicians available since after-hours emergencies are often drain cleaning related and may require large equipment such as sewer jets. The service manager should also be in the loop for all after-hours calls to assist in coordinating communication between customers and technicians, so that the technicians can focus on their jobs.

Plumbing-specific **Salesperson/Estimators** are needed to develop business opportunities and quote service work.

Obviously, a plumbing business goes nowhere without **Journeyman Plumbers, Apprentices/Trainees and Helpers**, all possessing different skill levels that may be needed as appropriate for efficient management of resources. For example, project plumbers will be needed for work lasting more than a few hours. Emergency drain plumbers are needed for backups, and backflow certified plumbers are required for backflows. There can be overlap at the beginning, but to schedule projects, a good practice is to separate the plumbers into smaller, specialized teams.

- **Projects or Retrofits Team:** This could be anything from a smoke test to a water main break, replacement of leaking pipe, grease interceptors, or sump pumps. These plumbers possess both service and construction skills. They work incredibly hard and need to be very creative.
- **Emergency Service Team:** Most emergency work involves a backed-up drain. If the job appears to be more extensive, the plumber generally calls the service manager and turns it over to projects. A salesperson often gets involved after that.
- **Backflows Team:** Although most of the plumbers should be backflow certified, it is best to have one or two experts. Those experts can perform backflow certifications and repairs all day. If your company provides a planned maintenance agreement after every backflow, it will often guarantee full-time work for your team.

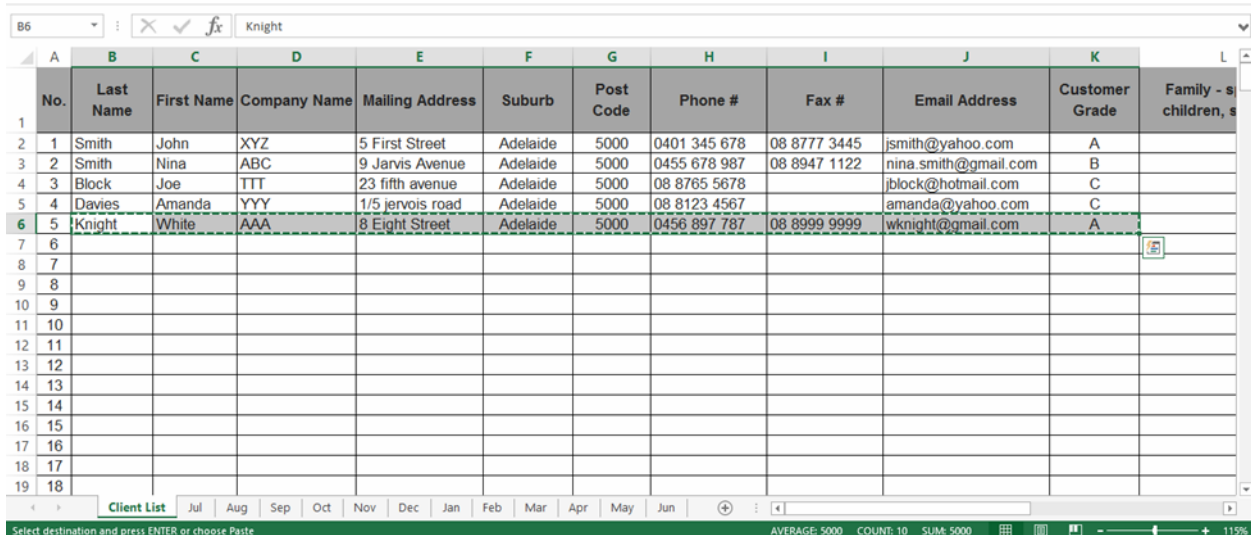
Finally, a **Billing Clerk/Work Order Detailer** will make sure invoices are sent out quickly and accurately, maintaining a consistent cash flow into the organization.

SHARING RESOURCES

Adding a plumbing service division to an existing HVACR operation seems to be a logical next step because of resources that can be utilized by both groups, such as the 24-hour answering service. Other areas for achieving economies of scale is by sharing accounting, dispatching and billing, if the correct supervision and training are applied.

Too often plumbing responsibilities are added to the dispatcher's and billing clerk's job descriptions with little thought about the transition. However, not everything easily translates from HVACR to plumbing. Rarely will current HVACR dispatchers and billing clerks be able to efficiently handle their new responsibilities without additional plumbing-specific training.

Before saddling them with the additional responsibilities, be sure to create a plan for developing this new skill set. Overlapping positions between HVACR and plumbing, should include training specifically in the nuances, vocabulary and trade-specific requirements of the job. It's almost like speaking a different language.



No.	Last Name	First Name	Company Name	Mailing Address	Suburb	Post Code	Phone #	Fax #	Email Address	Customer Grade	Family - s children, s
1	Smith	John	XYZ	5 First Street	Adelaide	5000	0401 345 678	08 8777 3445	jsmith@yahoo.com	A	
2	Smith	Nina	ABC	9 Jarvis Avenue	Adelaide	5000	0455 678 987	08 8947 1122	nina.smith@gmail.com	B	
3	Block	Joe	TTT	23 fifth avenue	Adelaide	5000	08 8765 5678		jblock@hotmail.com	C	
4	Davies	Amanda	YYY	1/5 jervoir road	Adelaide	5000	08 8123 4567		amanda@yahoo.com	C	
5	Knight	White	AAA	8 Eight Street	Adelaide	5000	0456 897 787	08 8999 9999	wknight@gmail.com	A	
6											
7											
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There is good news, however, in terms of shared resources. Even though the plumbing service manager and the service estimator/salesperson are difficult to share, the current client list is one of the most important resources both groups can use. With open communication regarding goals, objectives, and the company vision, the client list is an exceptional opportunity to accelerate business development.

The bottom line on the organizational structure is that someone must take complete charge of and responsibility for the plumbing service operation. Having the plumbing service manager report to the same general manager as HVACR should avoid conflicts. However, it cannot be over-emphasized that someone must be held directly accountable for the results.

USING SALESPEOPLE TO GROW THE BUSINESS

Everyone knows that without sales, there is no business. Getting the right people to sell services is a challenge for both HVACR and plumbing. However, for new plumbing providers, the question is whether to use existing HVACR salespeople or hire new ones with plumbing-specific expertise. Arguments can be made on both sides.

It's reasonable to expect crossover with existing HVACR sales staff because they already have the proper contacts, know the facilities and understand the sales process of qualifying, gathering information, writing proposals and closing. With all of that in mind, it still doesn't guarantee successful crossover will occur.



The greater challenge for HVACR salespeople is their limited knowledge of plumbing, typical problems faced by customers, and what it takes to stay engaged with the customer in ways that can drive sales and repeat business. With the proper training, especially on different piping configurations, material types,

plumbing-specific tools, work scope, and pricing strategies, effective crossover can be achieved. All too often the importance of proper training is glossed over or downplayed. The most likely area of crossover is with domestic hot water systems and domestic water booster systems.

FROM FIELD TO OFFICE

Many plumbing salespeople come from the field. They are usually trades people who have many years of experience, have shown they have the technical knowledge, and want to work as a salesperson/estimator. Because they have had mostly technical training, the additional in-office training needed by those coming from the field should include how to write a proposal, how to utilize a spreadsheet to estimate, and how to present themselves to the customer.

Although existing HVACR salespeople may not have the requisite technical expertise, they can at least open the door for plumbing PM agreements or other work. Taking an experienced technician or plumbing service manager to walk the job can also help the HVACR personnel fully understand the scope of work prior to putting together a proposal or PM agreement.

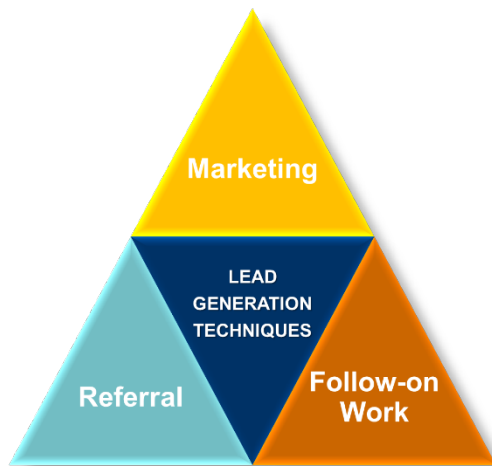
The best scenario for success is hiring someone with a strong background in plumbing. In addition to looking at field staff as potential candidates, construction project managers or polished building engineers from outside the company are also good places to start when searching for the right plumbing salesperson.

If good candidates cannot be found within the industry, then it becomes even more important to have a dedicated plumbing service manager for technical support on sales calls, when necessary.

“HVACR salespeople can at least open the door for plumbing PM agreements or other work.”

PLUMBING SALES PROCESS

The plumbing sales process is slightly different than the one used in the HVACR world. Plumbing work tends to be more reactive with less reliance on advance planned



maintenance. With plumbing, a lead is typically generated in one of three ways: (1) through marketing efforts, (2) by referral or (3) from follow on work due to an existing service event. Usually the process begins with the estimator visiting the site, generating a proposal and then sending it to the customer.

Many jobs are in response to an emergency such as drain stoppages, leaking water heaters and piping repairs. Being able to respond to emergency time-and-material calls in an expedient manner will help drive additional business,

especially if salespeople or technicians have been trained or have the ability to quote on site. Because of the reactionary nature of plumbing service, it's much easier to win the job if it can be quoted and completed while the technician is right there rather than having the customer wait to get their proposal. Clients on the plumbing side are much more open to time and materials because they understand "you cannot quote what you cannot see."

When plumbing emergencies occur, most people don't want to take time to research different companies. They simply want their problem taken care of as quickly as possible. They look for trusted sources to help resolve the situation. Getting on approved vendor lists is one way of making the job easier for customers while ensuring additional business for the plumbing provider.

Being and staying "top of mind" with customers is extremely important since most plumbing calls are reactive. Whether it is an occasional email or taking them to lunch, the goal is to make sure customers think of your company first when their "go-to" plumber fails to show up or drops the ball. Make sure that your customers are aware that your company can also handle all their plumbing service needs in addition to HVACR.

The most important part of the sales process is actually showing up and performing when provided the opportunity. While this seems like common sense, it is unbelievable how much work can be picked up by just doing the job properly when the competition does not.

ADDING PLANNED MAINTENANCE

Plumbing planned maintenance programs are not as common as HVACR programs, but they can and should be sold to reduce plumbing emergencies. The PM base will also serve to keep plumbers busy when there are no trouble calls.

Opportunities for Planned Maintenance Agreements

- Annual backflow testing and certification
- Water heater flushing/maintenance
- Tankless water heater maintenance which is typically required annually or even more frequently depending on water quality
- Domestic water mixing valve cleaning and maintenance
- Sewer and grease line hydro-jetting and cleaning on appropriate frequencies for the specific facility
- Grease trap cleaning on suitable schedule
- Sump pump maintenance
- Visual walk-throughs to make sure there are no obvious leaks/issues

A planned plumbing maintenance can be many different things, from hydro-jetting a single mainline once a year to run testing all the fixtures in a building on a quarterly basis. Plumbing maintenance seems to have a less frequent service interval, such as annually and semi-annually. This differs from HVACR in that those maintenances are typically quarterly and sometimes monthly depending on the needs.

When first getting started with planned maintenance, plumbers can be your best allies for selling plumbing PM agreements. Backflow PM contracts are very simple. If a backflow PM contract is sent after the current year’s test, customers will typically just sign and send back the contract for continuing maintenance if they were satisfied with the initial work.

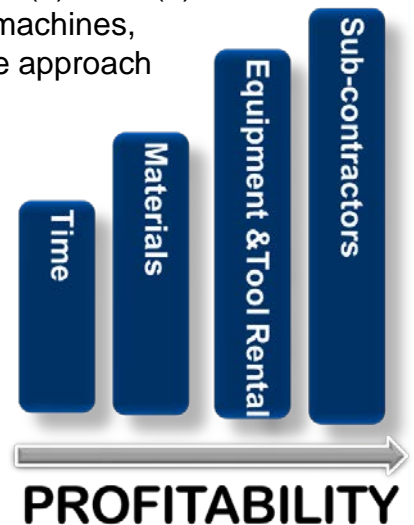
Sample Backflow and Planned Maintenance Service Agreements are included at the end of this workbook, after page 11, for those who are ready to get started with maintenance agreements.

SALES AND PROFITABILITY

Plumbing service does not have the same high cost and profit-generation typically associated with most HVACR sales. There is also less recurring PM revenue than in HVACR. Compensating plumbing salespeople usually starts with a higher base salary and lower incentive commission/bonus percentage.

Plumbing service profits are usually generated on these four items: (1) time, (2) materials used, (3) rental of tools and equipment, such as snake machines, and hydro-jet, and (4) sub-contractors. When selling plumbing, the approach is not so much to sell a maintenance agreement and rely on pull throughs for the revenue stream, but to create reliance on solving the customer problem when or before it becomes a real issue.

For instance, when replacing onsite fire hydrants, a mark-up is not only on the material, but also on the excavation sub-contractor and, of course, the labor. When selling such a job, the estimator would have to know how long it would take to do the job, be able to account for everything that may go wrong, and then price the material, equipment and subcontractor with suitable mark-up. There is no hiding labor in equipment mark-ups.



MANAGING THE SALES TEAM

There are as many ways of structuring sales teams as there are sales organizations. One approach is to have a dedicated sales leader who manages the sales process. When leads are generated, they are entered into the CRM (customer relationship management) system and subsequently assigned to a salesperson. These leads are monitored to make sure proposals are delivered to the client within 48 hours. The customer service representative then follows up on the proposals and enters the results into the CRM. A typical sales goal might be \$100,000 at 35% gross margin in billed quoted sales a month per salesperson/estimator.

Another way of handling sales is the more traditional approach of having a single sales manager to manage both the HVACR and plumbing salespeople. Each salesperson has an annual plan and the numbers are tracked monthly.

A third way of handling sales and incentive compensation is to utilize the team premise, which means the plumbing salespeople are commissioned as a team, based on their total team sales.



PLUMBING AND PAPERWORK

One major area of similarity between HVACR and plumbing is with paperwork processing. Most of the HVACR automation software and tablets used in the field to record time and transfer information can be modified to accommodate a plumbing service operation. While the paperwork is basically the same, it is the terminology that differs. Be aware that there are some additional specialized forms required for drain cleaning waivers, sewer camera inspection reports and backflow certification.

SMALL OR LARGE

As with any start-up business, the level of resources available will dictate a company's ability to bring on new products and services. A small start-up would begin with a journeyman in a truck serving existing HVACR customers and helping the existing HVACR business in its operations while building the plumbing service division. At this point there would be no need for a plumbing service manager.

As momentum develops, the small operation could then move to two plumbers and one plumbing supervisor/salesperson. Once the plumbing group is operating, then the salesperson should no longer supervise. The role converts to just selling. A plumbing supervisor or service manager should take over as more plumbers are hired.



A larger company with more resources would be able to hire an expert, invest in the resources and tools to provide more service offerings and push the sales side more aggressively. Larger businesses may also want to consider purchasing an ongoing plumbing service operation and incorporating it into the existing business.

SUMMARY

Like any other successful enterprise, the plumbing service business is not something that will just happen. It is nearly impossible to start the business without proper resources to build and manage the department efficiently and profitably. To be successful, a new plumbing business should pay close attention to developing the right organizational structure at the start and expanding that structure as needed to support continued growth.

COMPANY LETTERHEAD

(Date)

Attn: (Client Name)
Address 1
Address 2
City, State Zip code

Re: Backflow Agreement for location address, city, state, zip code

Dear (Client Name):

Thank you for your confidence in our ability to service your backflow needs. We would like to take this opportunity to introduce you to our "Premium Service" program for your backflow device(s).

Enclosed you will find a copy of the proposal covering your backflow device(s), under our new program. All scheduling, testing, cleaning, repairs/rebuilds, parts and labor, certification and documentation will be included for one fixed price.

If you would like to begin this service, please sign the "Full Coverage Agreement" and mail the hardcopy to my attention. Or you may fax it in to (000) 000-0000 to my attention also.

I thank you again, for the opportunity of allowing (Company Name) to be of service to you.

Respectfully Submitted,
(Company Name)

(Coordinator Name)
Backflow Coordinator

COMPANY LETTERHEAD

FULL COVERAGE BACKFLOW AGREEMENT

For:

(Client Company Name)
Company Address 1
Company Address 2
City, State Zip Code

Site:

Full Site Address

PRICING:

Proposal price includes *(Company Name)* Full Coverage Service; including all testing, cleaning, repairs, labor, replacement parts as necessary, and as many call backs required keeping your backflow device in compliance with the states regulatory agencies for one full year. This does not cover complete replacement of device. As part of this service *(Company Name)* will maintain the record-keeping portion of your corporate backflow program, keeping you in compliance with local, state, and EPA requirements.

Our records indicate the location at the above location has:

(1) Device ¾" @ \$000.00 ea. (1) Device 2" @ \$000.00 ea. (1) Device 6" @ \$000.00 ea.

Total Price: \$0,000.00 Agreement Start Date: _____ (TBD)

LICENSES & CERTIFICATIONS:

All labor will be performed by a licensed Union Plumber, who is also a Cross-Connection Control Device Inspector certified by the State of *(Your State)* EPA. Licenses and Certification numbers will be provided upon request.

EXCLUSIONS:

This agreement pre-supposes that all devices are operating and maintainable condition. All Pre-existing conditions and problems (if any) are the responsibility of the customer. If repairs are found necessary upon the initial inspection, repair charges will be submitted to the customer for approval prior to any repairs being performed. Replacement of devices is not included in this agreement. *(Company Name)* shall not be responsible for replacement of parts when they are obsolete or original design changes are necessary or damages due to labor disturbances, fire, commercial delays, spoilage, loss of business, war conditions, and/or acts of God or circumstances beyond its control. It is expressly agreed that *(Company Name)* assumes no liability for negligence, misuse, or failure to perform the services herein set forth. This sum is payable in advance and shall continue for yearly periods thereafter until terminated by either party in writing at least thirty (30) days prior to the anniversary date. Agreement can be terminated with thirty (30) day's prior notice only on the basis of failure, by either party, to meet contractual agreements.

PROPOSAL ACCEPTANCE:

(Company Name):

Customer

Representative

By: _____

By: _____

Title: _____

Title: _____

PO No: _____

COMPANY LETTERHEAD

(Company Name) will manage your backflow devices as if they were our own!

“Platinum Service” Backflow Planned Maintenance Program

(Company Name) is unique in that our service includes not only a one-time test and certification, but a complete backflow service and maintenance program for each backflow device we work on, for one full year! No call-back charges for cleaning or repair. **This maintenance is a "one call does it all" program.**

As a maintenance customer, (Company Name) will maintain the record-keeping portion of your corporate backflow program. Our computerized database will store your backflow device inventory and test results, thus ensuring that on any given day, your municipal cross-connection control program is up-to-date and ready for review by EPA personnel.

(Company Name) will contact you to schedule an appointment to ensure your continued compliance with local, state and EPA requirements. All backflows covered under this maintenance program will be tested, repaired (as necessary) and certified. Proper documentation will be sent directly to the appropriate water district.

Platinum Service Backflow Program includes:

- 1. Scheduling**
- 2. Testing**
- 3. Maintaining**
- 4. Cleaning**
- 5. Repair, re-build, parts and labor**
- 6. Certification, documentation and reporting to the appropriate water district**
- 7. Fixed Budget cost**

Backflow Device Installation

We pride ourselves on safeguarding your drinking water. We specialize in the installation and certification of all types of backflow prevention assemblies, ranging in size from ¼ inch through 12 inches.

With over (# of years in business) years of service, we take great pride in being the leader in our industry in the testing and installation of backflow devices.

Please call me at (xxx) xxx-xxxx, ext.xxx for all of your plumbing and backflow needs.

Warmest regards,

(Insert Signature)

(Type Name)

Drain & Sewer Planned Maintenance Service Agreement

FOR:

SITE:

PROPOSAL #: PPM

COMPANY LETTERHEAD/LOGO

PLANNED MAINTENANCE AGREEMENT

(Company Name) shall provide scheduled planned maintenance services on all plumbing fixtures and piping listed in "DRAIN AND FIXTURE INVENTORY".

The planned maintenance service agreement includes sewer and drain line cleaning of all lines, per "DRAIN AND FIXTURE INVENTORY". Drain line cleaning will assure peak operating efficiency, thus resulting in less downtime and repairs. Planned maintenance services listed herein shall be furnished for the annual sum of **\$0.00** payable in advance on presentation of the invoice, and in accordance with the following schedule:

Annual Sewer Main Hydro jetting: @ \$0.00

Annual Lavatory Sink Drain Maintenance: @ \$0.00

Annual Urinal Maintenance: @ \$0.00

Annual Emergency Floor Drain Maintenance: @ \$0.00

Annual Breakroom Sink Drain Maintenance: @ \$0.00

AGREEMENT START DATE: *(Insert Date)*

Customer: _____

By: _____

Title: _____

Date: _____

PO: _____

Company Name:

Representative:

(Insert Rep Signature)

By: *(Rep Name)*

Title: *(Insert Title)*

Date: *(Insert Date)*

COMPANY LETTERHEAD/LOGO

PLUMBING FIXTURE AND PIPING:

QTY#	DRAIN AND FIXTURE INVENTORY	FREQUENCY
0	<u>Mainline Drain Cleaning Maintenance:</u> Cable and Hydro jet sewer main to city connection at street.	Annually
0	<u>Common Area Restroom Lavatory Sink Maintenance:</u> Remove P-trap, cable and flush drain to point of connection to assure proper flow.	Annually
0	<u>Common Area Restroom Urinal Maintenance:</u> Remove Urinal from wall, acid wash and decalcify trap. Cable and flush drain to assure proper flow.	Annually
0	<u>Common Area Restroom Emergency Floor Drain Maintenance:</u> Cable and flush drain from p-trap to assure proper flow.	Annually
0	<u>Breakroom Sink Drain Maintenance:</u> Remove P-trap, cable and flush drain to point of connection to assure proper flow.	Annually

COMPANY LETTERHEAD/LOGO

STANDARD PROCEDURES

1. *(Company Name)* will select a plumbing team based on your equipment type and building needs. A team approach is proven to reduce downtime and operating costs.
2. As each maintenance visit is performed, our technicians will note equipment deficiencies, if any, and a proposal will be presented for your approval.
3. Service call procedure- When placing a service call, simply ask for plumbing service dispatch. Upon his arrival the plumber will check in with the appropriate person. Upon completion, the technician will check out and relay the resolution to our dispatcher. A copy of the resolution or status will be emailed to you and then stored in *(Company Name)* software system; this enables you to know the status of the service call and allows *(Company Name)* to track the plumbing history of your building. A service call history report is always available for your review.
4. As a contract customer, you will receive a 15% discount off our hourly rates and preferential service call status.

COMPANY LETTERHEAD/LOGO

THE CUSTOMER AGREES:

1. To properly operate all fixtures, equipment and drain lines in accordance with the manufacturer's and *(Company Name)* instruction and promptly notify *(Company Name)* of any unusual operating conditions.
2. To permit reasonable timely access to the building, keep equipment rooms free of material extraneous of said systems, move any items needed to gain access to equipment and permit use of existing storage areas, ship facilities and building services.
3. That any alterations, additions, adjustments or repairs made by others, unless authorized by *(Company Name)*, will release and terminate all obligations by *(Company Name)*.
4. Not hire or otherwise engage any *(Company Name)* personnel during their employment or within six (6) months of their termination of employment with *(Company Name)*.
5. Asbestos: *(Company Name)* scope of work shall not include the identification, detection, abatement, encapsulation or removal of asbestos or other products or materials containing asbestos or similar hazardous substances. In the event *(Company Name)* encounters any such material in performing its work, it has the right to discontinue work and remove its employees until the hazard is corrected or it is determined that no hazard exists.
6. *(Company Name)* scope of work shall not include the detection, identification or removal of mold, mildew and/or fungi from the equipment or systems included in this agreement.
7. To only allow water-soluble waste and materials to enter into drains and that *(Company Name)* responsibilities will not include drain stoppages and pipe failures due to:
 - Non-water soluble products, such as but not limited to paper towels, rags and feminine products.
 - Grease, lard or animal products due to non-functioning grease interceptors and/or nonuse of grease interceptors.
 - Root intrusion.
 - Foreign objects in lines or sabotage.
 - Improper or faulty plumbing, lines which are settled, broken, deteriorated or damaged.Rusty pipes, corrosion or unusual restrictions due to materials or hard water buildup, cleaning chemical, lye, sulfuric acid, etc.
9. That they will assume responsibility and pay extra for all service and materials that may be required above.

TERMS AND CONDITIONS:

1. The price for services described in this agreement is subject to adjustment on the anniversary date to reflect *(Company Name)* prevailing labor rate, and material cost increases, if any.
2. This agreement can be cancelled by either party by giving notice to the other party at least thirty (30) days prior to the anniversary date as established by the effective start date. Such cancellation shall not affect any substantial performance by *(Company Name)* or any obligation of either party as a result of such performance. *(Company Name)* reserves the right to discontinue this maintenance service Agreement at any time that payments have not been made as agreed, for any services rendered.
3. All work will be performed during the standard work week hours of **7:00 AM. to 5:00 P.M.** Monday through Friday, unless otherwise noted elsewhere in this agreement.
4. *(Company Name)* shall not be liable for any damages due to labor disturbances, fire, commercial delays, spoilage, loss of business, war conditions, and/or acts of God or circumstances beyond its control. It is expressly agreed that *(Company Name)* assumes no liability for negligence, misuse, or failure to perform the services herein set forth.
5. *(Company Name)* shall not be required to move, replace, or alter any part of the building structure in the performance of this agreement.
6. The Customer agrees to pay for said work, labor, and materials promptly. In the event of failure to pay the same, or any portion thereof, within thirty (30) days, the Customer, unless otherwise specified below, agrees to pay a finance charge computed at a "periodic rate" of 1.5 percent on balances of less than \$1,000.00. This represents an annual percentage rate of 18.0 percent. On balances in excess of \$1,000.00 the finance charge will be computed at a "periodic rate" of 1.0 percent per month, which is an annual percentage of 12.0 percent. The Customer further agrees to pay any reasonable attorney fees and costs of collection incurred by *(Company Name)* to enforce the provisions of this Agreement. **THE PERSON SIGNING THIS AGREEMENT WARRANTS HIS/HER AUTHORITY TO SIGN THIS AGREEMENT ON BEHALF OF THE OWNER AND/OR PURCHASER.**
7. In the event the parties are unable to resolve a dispute by a good faith meeting of the principles, the parties shall proceed with mediation. The mediator shall be well versed in construction related claims and shall be agreed to by both parties. In the event the parties are unable to resolve the dispute through mediation, the dispute shall be submitted to, and determined by arbitration in San Diego under the Construction Industry Arbitration Rules of the American Arbitration Association then in effect, and the parties agree to be bound by the award in such arbitration. The parties waive any right to a jury trial.