

Hiring a Contractor

(Federal Trade Commission Consumer Information)

Whether you're planning an addition for a growing family or simply getting new storm windows, finding a competent and reliable contractor is the first step to a successful and satisfying home improvement project.

Your home may be your most valuable financial asset. That's why it's important to be cautious when you hire someone to work on it. Home improvement and repair and maintenance contractors often advertise in newspapers, the Yellow Pages, and on the radio and TV. However, don't consider an ad an indication of the quality of a contractor's work. Your best bet is a reality check from those in the know: friends, neighbors, or co-workers who have had improvement work done. Get written estimates from several firms. Ask for explanations for price variations. Don't automatically choose the lowest bidder.

Interview each contractor you're considering. Here are some questions to ask:

- * How long have you been in business? Look for a well-established company and check it out with consumer protection officials. They can tell you if there are unresolved consumer complaints on file. One caveat: If there is no record of complaints against a particular contractor that doesn't necessarily mean no previous consumer problems. It may be that problems exist, but have not yet been reported, or that the contractor is doing business under several different names.
- * Are you licensed and registered with the state? While most states license electrical and plumbing contractors, only 36 states have some type of licensing and registration statutes affecting contractors, remodelers, and/or specialty contractors. The licensing can range from simple registration to a detailed qualification process. Also, the licensing requirements in one locality may be different from the requirements in the rest of the state. Check with your local building department or consumer protection agency to find out about licensing requirements in your area. If your state has licensing laws, ask to see the contractor's license. Make sure it's current.
- * How many projects like mine have you completed in the last year? Ask for a list. This will help you determine how familiar the contractor is with your type of project.
- * Will my project require a permit? Most states and localities require permits for building projects, even for simple jobs like decks. A competent contractor will get all the necessary permits before starting work on your project. Be suspicious if the contractor asks you to get the permit(s). It could mean that the contractor is not licensed or registered, as required by your state or locality.
- * May I have a list of references? The contractor should be able to give you the names, addresses, and phone numbers of at least three clients who have projects similar to yours. Ask each how long ago the project was completed and if you can see it. Also, tell the contractor that you'd like to visit jobs in progress.

* Will you be using subcontractors on this project? If yes, ask to meet them, and make sure they have current insurance coverage and licenses, if required. Also ask them if they were paid on time by this contractor. A "mechanic's lien" could be placed on your home if your contractor fails to pay the subcontractors and suppliers on your project. That means the subcontractors and suppliers could go to court to force you to sell your home to satisfy their unpaid bills from your project. Protect yourself by asking the contractor, and every subcontractor and supplier, for a lien release or lien waiver.

* What types of insurance do you carry? Contractors should have personal liability, worker's compensation, and property damage coverage. Ask for copies of insurance certificates, and make sure they're current. Avoid doing business with contractors who don't carry the appropriate insurance. Otherwise, you'll be held liable for any injuries and damages that occur during the project.