

What You Should Know About Home Improvement Contractors

The Law

All home improvement contractors in the District of Columbia must have a current home improvement contractor's license in order to do business in DC. For information about the laws governing home improvement contractors in DC, see Title XVI of DC Municipal Regulations (DCMR) and DC Licensing Law 47-2851.

Follow these suggestions:

- Ask for a written estimate.
- Refuse to sign a contract that does not have all blank spaces filled in.
- Ask for proof that the contract has been approved by the Department of Consumer and Regulatory Affairs (DCRA).
- Ask for a copy of the contract after you sign it.
- Get two copies of a written statement of your right to cancel the contract within three business days (if you signed it in your home or at a place that is not the seller's permanent place of business).
- Ask for names and license numbers of all salespersons or contractors who participated in negotiating the contract.
- Approve any charges that are more than the written estimate.
- Refuse to pay for work that is not covered in the contract and that you did not previously approve.
- Ask for written warranties for materials and workmanship.
- Ask for proof that all subcontractors and suppliers have been paid.
- Ask for a receipt for your payment.

Don't Get Nailed

Not all contractors work within the law. Here are some tip-offs to potential rip-offs:

A less than reputable contractor:

- Solicits door-to-door
- Offers you discounts for finding other customers
- Just happens to have materials left over from a previous job
- Only accepts cash payments
- Does not list a business number in the local phone directory
- Tells you your job will be a "demonstration"
- Pressures you to make a decision right away
- Offers extra-long guarantees
- Asks you to pay for the whole job up-front
- Suggests that you borrow money from a lender the contractor knows. If you're not careful, you could lose your home through a home improvement loan scam.

Contracts

Any contract you get should include:

- The name, address, phone number, and license number of the home improvement contractor.
- A description of the work to be done and the materials to be used.
- The payment terms.
- The approximate start date and completion date, which should not change except by written agreement between you and the contractor.

If You Have a Problem

If you have a problem with your home improvement project, first try to resolve it with the contractor. Many disputes can be resolved at this level. Follow any phone conversations with a letter you send by certified mail. Request a return receipt. That's your proof that the company received your letter. Keep a copy for your files.

If you can't get satisfaction, consider contacting these organizations for more help:

- DCRA: (202) 442-4400, dcra.dc.gov
- The Office of the Attorney General: (202) 442-9828, oag.dc.gov
- The Better Business Bureau: (202) 393-8000, www.mybbb.org
- National Association of Home Builders: (202) 266-8200, www.nahb.com

Tips for Hiring a Home Improvement Contractor

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. Call the Department of Consumer and Regulatory Affairs (DCRA) at (202) 442-4400 to see if the company has a current business license. Check the Office of the Attorney General's website at oag.dc.gov to see if there are unresolved consumer complaints for the contractor on file. No record of complaints against a particular contractor 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 District? Ask to see the contractor's license. Make sure it's current.

Tips for Hiring a Home Improvement Contractor (continued)

— 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 permits? Licensed contractors should know whether or not your project will require permits. It is your responsibility to apply for all permits except water or sewer excavation permits, supplemental systems installation permits and raze permits. Only licensed contractors within the specific trade may apply for these permits. To find out if your project requires a permit and how to apply for one, visit DCRA's Homeowners Center at 941 North Capitol St NE or visit dcra.dc.gov.

— 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. Tell the contractor that you'd like to visit jobs in progress. You may want to ask:

- Can I visit your home to see the completed job?
- Were you satisfied with the project? Was it completed on time?
- Did the contractor keep you informed about the status of the project, and any problems along the way?
- Were there unexpected costs? If so, what were they?
- Did workers show up on time? Did they clean up after finishing the job?
- Would you recommend the contractor?
- Would you use the contractor again?

— Will you use subcontractors on this project? If the answer is yes, ask to meet them, and make sure they have current insurance coverage and licenses. 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 a subcontractor or supplier on your project. That means the subcontractors and suppliers could go to court to force you to sell your home to pay 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; make sure they're current. Don't do business with contractors who don't carry appropriate insurance. Otherwise, you'll be held liable for any injuries or damages during the project.

Understand Your Payment Options

You have several payment options for most home improvement and maintenance and repair projects. For example, you can get your own loan or ask the contractor to arrange financing for larger projects. For smaller projects, you may want to pay by check or credit card. Don't pay cash.

Whatever option you choose, be sure you have a reasonable payment schedule and a fair interest rate. Here are some additional tips:

— Try to limit your down payment. This will protect you from having to recoup a large investment if you aren't satisfied with the work.

— Try to base payments during the project upon completion of a defined amount of work. This way, if the work is not proceeding according to schedule, payments also are delayed.

— Be sure to get a receipt for your final payment. According to DC Law 47-288.03, if a mechanic's lien is filed against your home and you present proof of your final payment, the lien will be rendered void.

— According to federal law, if you have a problem with merchandise or services that you charged to a credit card, and you have made a good faith effort to work out the problem with the seller, you have the right to withhold from the card issuer payment for the merchandise or services. You can withhold payment up to the amount of credit outstanding for the purchase, plus any finance or related charges.

You can protect yourself from inappropriate lending practices. Here's how. Don't:

- Agree to a home equity loan if you don't have enough money to make the monthly payments.
- Sign any document you haven't read or any document that has blank spaces to be filled in after you sign.
- Let anyone pressure you into signing any document.
- Agree to financing through your contractor without shopping around and comparing loan terms.
- Deed your property to anyone. First consult an attorney, knowledgeable family member, or someone else you trust.

Keeping Records

Keep all paperwork for your project in one place. This includes copies of the contract, change orders and correspondence with your home improvement contractors. Keep a journal of all phone calls, conversations and activities. You also might want to take photographs as the job progresses. These records are especially important if you have problems with your project — during or after construction.

Completing the Job: A Checklist

Before you sign off and make the final payment, use this checklist to make sure the job is complete. Check that:

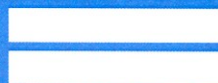
- All work meets the standards spelled out in the contract.
- You have written warranties for materials and workmanship.
- You have proof that all subcontractors and suppliers have been paid.
- The job site has been cleaned up and cleared of excess materials, tools, and equipment.
- You have inspected and approved the completed work.

For More Information

Federal Trade Commission: 1-877-FTC-HELP (382-4357), www.ftc.gov

National Association of Home Builders:
(202) 266-8200, www.nahb.com

Visit the NAHB website and download this brochure:
How to Find a Professional Remodeler.



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