

Disaster Relief - Home Repair Scams

I've been getting offers to fix my home. What should I watch out for? You should be cautious if the contractor or repair person:

- Provides an estimate that is lower than others, or pressures you to sign a contract right away.
- Has no business card, physical address, or drives an unmarked vehicle.
- Doesn't give you a written, itemized estimate with the total cost of repairs.
- Wants to be paid the total cost up front, or be paid only in cash.
- Offers to cover your insurance deductible.
- Offers a loan through a lender to cover the cost of repairs. Your contractor should not be selling you a loan.
- Wants your personal information (like your social security number), to start a loan or "speed up" repairs.
- Offers to do the job for less with leftover materials.

If you have insurance, the insurance company will send an adjuster to estimate the damage and cost of repairs. You don't have to accept the insurance adjuster's estimate. *Get more than one estimate. Don't be pushed into signing a repair contract right away.*

What questions should I ask? Make sure the estimate is *free* before letting anyone into your home. Ask if the business is local so that you can find them later if they don't complete the work or need to correct it. Ask for references from past customers, and follow up.

What should be in my construction contract? You need a **written contract** to protect your rights. Never sign a contract with blank spaces – draw a line through them so they can't be filled in later. The contract should include:

- *Total cost of the project*, including a guaranteed maximum price.
- *Starting and completion dates*, followed by the phrase, "time is of the essence."
- *A schedule of payments* with each payment tied to completion of specific part of the work.
- A statement that the contractor is responsible for getting all required *building permits and inspections*.
- A statement that any *change orders and price adjustments* must be in writing and signed.
- A statement that the *final payment and certificate of completion* will be provided only after an outside inspector or insurance adjuster confirms that the work is up to building standards.
- A statement that says "*final payment will be withheld until the contractor presents releases or proof of payment from major suppliers and all subcontractors.*" This means that the workers and suppliers cannot ask you for money once you have paid the contractor.
- A statement that the contractor will provide a *Certificate of Insurance* covering workers' compensation, property damage and personal liability so you won't be liable for worker injuries.
- *Any other agreements or promises* about the work to be done.

Under federal law, you have three days to cancel a contract for repairs on your homestead after you sign it. To cancel, send a letter of cancellation by certified mail, return receipt requested.

Can a contractor take a lien against my house? Yes. When you sign a contract for home improvements on your homestead, the contractor can legally fix a lien on your property. If the work is on your homestead, the contract must contain the following WARNING next to the space for your signature: "Important Notice: You and your contractor are responsible for meeting the terms and conditions of this contract. If you sign this contract and you fail to meet the terms and conditions of this contract, you may lose your legal ownership rights in your home. KNOW YOUR RIGHTS AND DUTIES UNDER THE LAW." If you sign a contract with this language and you fail to make the payments, the company can take away your home.