

HOME REPAIR FRAUD

You have all seen the signs: "Licensed, Bonded, Insured." Unfortunately, it's not always true. While there are many reputable local businessmen and women making an honest living as contractors, there are also many fly-by-night operators who will take your money, do substandard work, or no work, and disappear.

Before agreeing with any contractor to perform any work on your home, be sure you fill out and follow the following checklist. While it will not guarantee you a good experience, it will at least help insure that you are dealing with a reputable contractor and that you can find the contractor again should you have a complaint about his or her work.

- 1) Contractor's Name _____
- Local Address _____
- Home Office Address _____
- Phone Numbers _____
- License Plate Number _____

2) Call the Mississippi State Board of Contractors (800-880-6161) or visit their website (msboc.state.ms.us) to make sure that your contractor is - in fact - licensed to do business in the state of Mississippi. If they are not listed as licensed, STOP! do not do business with the contractor.

3) Look up the contractor in the phone book, or use the number provided by the Mississippi State Board of Contractors and call the contractor directly. If possible, visit their office. This way you can verify that you are - in fact - dealing with them or an authorized representative, and not some thief who has appropriated their business name. Don't rely on phone numbers provided by the contractor. Simply calling the number provided to you by the contractor is not good enough, as you have no way of knowing who is answering the phone or where they are located. Be very cautious if your contractor cannot show you his or her building and/or warehouse. Office suites and furniture can be rented, and if your contractor does not have a local physical presence, he or she may be gone and impossible to locate if you discover you have a problem.

4) Get the name of the contractor's insurer and bonding company. Don't

rely on phone numbers provided by the contractor. Look the insurer and bonding company up in the phone book, call them directly, and verify that your contractor is in fact insured and in what amount. If the contractor is not bonded and insured, STOP! do not do business with them.

It is a good idea to obtain and keep a record of the following information:

Insurer Name _____

Address _____

Phone Number _____

Name and Title of Contact Person _____

Policy Number and Amount _____

Bonding Company Name _____

Address _____

Phone Numbers _____

Name and Title of Contact Person _____

Bond Number and Amount _____

5) If you discover your contractor has lied to you about anything, STOP! do not do business with the contractor.

Call or write the Attorney General's Consumer Protection Division at or 1-800-282-4418 or P.O. Box 22947, Jackson, MS 39225-2947.

6) Get the name and address of local references. Don't rely on phone numbers provided by the contractor. Look up the reference and call them directly. If possible, inspect the work yourself.

7) Get a detailed estimate in writing. Make sure it specifies the brand, quantity and quality of materials. Get at least two and preferably more such estimates from other contractors to be sure you are not being overcharged.

8) Do not sign anything unless and until you have selected your contractor and verified that the contractor is a reputable business person.

9) Do not allow your contractor to begin work unless and until the contractor shows you a building permit.

10) Do NOT provide any money up front! It is true that large scale projects such as construction of a new home will often provide for payments in intervals as work is

completed, including an initial fee. However, any contractor who cannot afford to purchase materials for a simple home repair is probably not someone with whom you should do business. Certainly, it is a sign that the contractor will have no assets with which to pay you back should the contractor perform inadequate work.

11) Read the contract and all attachments before signing. If you are finalizing the sale in your home and the contractor has not attached a 3 day right of cancellation notice to the contract, do not sign and do not do business with the contractor as the contractor is not following the law unless you have an emergency and have explicitly waived your cancellation rights.

12) Do not sign any contract which contains blank spaces. If clauses are not applicable, put a big "N/A" for not applicable in the space and cross the clause out. Make sure the contractor includes the type, quantity and quality of materials specified in the estimate.

13) Make sure you are provided a copy of any contract you sign. Do not let go of the contract until you have copies in hand.

14) If you do not have the money to pay for repairs, be very careful of contractors offering to provide financing. Contact your local bank or credit union before agreeing to have the contractor finance the work on your home. Usually you can get a much better interest rate from your bank than a contractor will arrange for you.

15) Be aware that if you do arrange for financing, the lender will almost always take a security interest in your home. If they do take a security interest, you have a 3 day right to cancel the contract whether you sign it at home or in their office. If you do not see a 3 day notice of cancellation rights attached to the contract, do not sign it because the contractor/lender is not following the law unless you have an emergency and have explicitly waived your cancellation rights.

16) Do NOT sign a completion certificate or make payment unless you are satisfied with the work done! Ask for copies of the contractor's materials receipts to make sure that you got what you paid for before signing the completion certificate or making payment.

17) Do not pay any contractor in cash. Always pay by check or money order. Make sure you get a receipt. Keep a copy of your receipt and check number with your contract in a safe place.

18) Be aware that "arbitration" means you will not get to go to court if you have a complaint about the quality of work or materials. Often arbitration clauses will limit your right to damages as well and sometimes will condition your right to arbitration upon your payment of a large fee. If your contract contains an arbitration clause, cross it out. If your contractor will not do business with you without an arbitration clause, consider using a different contractor.

STOP

Disclaimer:

While every effort has been made to ensure the accuracy of the above information legal rights can and do vary depending upon individual circumstance. Consequently the above information is intended for general information only and no warranty is provided, either express or implied.

*Distribution made possible
by a grant from the AARP Foundation*

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Don't get Nailed

**Mississippi Center for Legal Services
Corporation**

**Administrative Office
111 East Front Street
Hattiesburg, MS 39401**

**601-545-2950
800-498-1804**

**State Initiatives Office
414 South State Street, 3rd Floor
Jackson, MS 39205**

**601-948-6752
800-498-1804**