



Charting Your Course to Home Ownership

Avoiding Home Repair Ripoffs

Each year, hundreds of thousands of consumers complain to their state attorneys general about home-repair ripoffs. The National Association of Consumer Agency Administrators, in fact, says home repairs are second only to car repairs on the nation's complaint list.

Con artists don't look or sound like bad guys. If they did, they couldn't con anyone. Many disguise themselves as friendly workers, offering you a good deal on repairs in and around your home.

Be Informed

Don't be fooled! Investigate before investing in or agreeing to any job. Check with the Better Business Bureau, either in your area, or in the state and city where the company or person is located. Ask the contractor for references, and check them out personally. Call the past clients and ask if you could go to see the workmanship of the workers. Determine if they have performed in a timely and adequate manner.

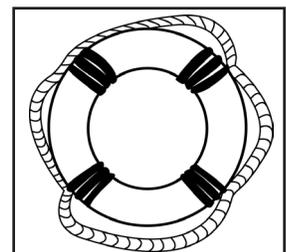
Verify that a general (residential) contractor is licensed with the Louisiana State Licensing Board for Contractors. Remodeling contractors who do work over \$7,500 must be registered. Mold remediation contractors must be licensed. Visit <http://www.lslbc.louisiana.gov/> for a searchable list. Ask about training or experience in complying with the wind and flood provisions of the current building code.

Obtain proof of insurance. The contractor should have disability and workers compensation insurance, or you may be liable for accidents occurring on your property.

Know how much you should pay by getting at least three estimates – in writing – with details about what is included. The best measure of one bid is two other bids. Keep shopping until you are sure of exactly what you need and the current rate for that type of work.

Take Your Time

Time is on your side. Only con artists try to rush you. The longer you take to compare and think, the more likely you are to make the right decision. In an emergency, your insurance agent may be able to help with information about service firms that can do the work and typical cost ranges.



Life Saver
*Is the offer too good to be true?
Be sure the quality is there before you agree to buy.*

Beware

Be suspicious if you see any of these warning signals or techniques often used by con artists:

- A worker just happens to be driving by
- Worker is in an unmarked vehicle
- Payment must be made in cash or before work is completed
- Low price is only for now
- Offers to do job with leftover materials



Red Flag: Is the contractor offering you a special deal? Using your home as a model for his work? Shy away.

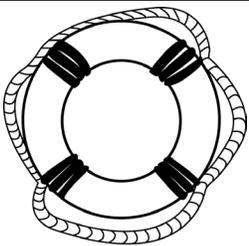
Common Schemes

Watch out for ripoffs on:

- Free siding for advertising
- Roofing repair
- Driveway repair
- Dirt, gravel, flower bed filler
- Pest spray
- Tree cutting
- Furnace cleaning
- Lightning rods
- Disaster relief
- Carpet cleaning



Red Flag: Does the contractor want cash only? Find another contractor.



Life Saver

Did the contractor solicit your business, rather than you calling him? Were you pressured into signing a contract? Federal law gives you three days to cancel such a contract after you sign it. Send your notice of cancellation by registered mail.

Project Payment

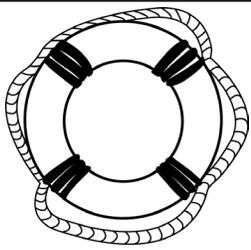
- Do not pay in advance
- Do not let the contractor begin work until you have a signed contract.
- Don't pay until the job is complete to your satisfaction. Pay by check or credit card, not cash.

If you cannot find a contractor willing to accept these basic terms, make temporary repairs yourself, if possible, and wait patiently until you can be sure of a good job. Even under critical emergency conditions, complete, high quality repairs must be done, or damage and deterioration will appear later.

Put It All in Writing

Another important way to protect yourself from ripoffs and poor workmanship as well as innocent misunderstandings is to make sure everything is in writing. There is no substitute for a written construction contract. The larger and more costly the job, the more detailed the contract should be. A thorough contract should include:

1. The contractor's name, address, phone and license number.
2. The entire project description (plans and specifications).
3. A statement that any change orders and price adjustments must be described in writing and signed by both you and the contractor.



Life Saver

Do you think you've been had? Have attempts to resolve your problem with the contractor been unsuccessful? Don't be embarrassed to call the Consumer Protection Section of the Attorney General's Office at 225/342-9638 or the 24-hour Consumer Info-line 1-800-351-4889.

4. The names and license numbers of all subcontractors and a statement of the home owner's right to have substitutions if their workmanship is poor.
5. Specific starting and completion dates, followed by the phrase, "time is of the essence."
6. The phrase, "workmanship must be the best known to the trade." (Although ambiguous, this statement has some legal significance in a contract.)
7. A guaranteed maximum price for the completed job and a schedule of payments. Negotiate the smallest possible down payment and largest possible final completion payment. Pay no more than 10% until the first work day when the crew shows up. Schedule other payments during the project contingent upon completion of a defined amount of work. This way, if the work is not proceeding according to schedule, the payments are also delayed. Payment while in progress should be made only when you receive paid bills for labor and materials specified in the contract.
8. The clause, "final payment will be withheld until the contractor presents releases or proof of payment from major suppliers and all subcontractors." If suppliers or subcontractors do not receive payment, they can successfully sue the home owner – even if the contractor has been paid in full.
9. A statement that the contractor must secure all necessary building permits and inspections.
10. A statement that the contractor will provide a Certificate of Insurance covering Workmen's Compensation, property damage and personal liability.
11. The statement, "no agreements unless recorded above are binding, excluding change orders signed by both the contractor and the home owner(s)," at the bottom of the contract.

The most important precaution in contract writing is never to sign anything until you have read and understood every word. It is a good idea to take the contract home and think about it for a couple of days.

Keep a copy of the signed contract.

Withhold full payment until...

- The building contractor or person hired has paid for all building supplies used. Require receipts for all paid bills for all materials used.
- Everything has been completed on the job to the full satisfaction of the contract and to the satisfaction of you or your inspector.
- The contractor has provided you with releases of lien from himself/herself, from suppliers and from labor subcontractors.

Adapted from: Reichel, C. (1998). *Your Path to Home Ownership*. Baton Rouge, La.; LSU AgCenter.

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LSU AgCenter Writing Team:
Jeanette A. Tucker, Ph.D., Professor
Deborah L. Hurlbert, Extension Associate
Deborah C. Cross, Extension Agent, Iberville Parish
Sheri Richard Fair, Extension Agent, Ascension Parish
Cynthia C. Richard, Extension Agent, Calcasieu Parish
Cynthia B. Stephens, Extension Agent, Ouachita Parish

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Louisiana Cooperative Extension Service
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