

DPOR CONSUMER GUIDE: Hiring A Contractor

Avoiding Home Improvement Scams

Your home is likely to be your most valuable financial asset. So be extra careful when you hire someone to work on it.

Tips for Hiring a Contractor

- Deal **only** with [licensed contractors](#) who meet state requirements for minimum competency.
- **Verify** license status and check for any past disciplinary actions using [License Lookup](#).
- Educate yourself about the type of contractor you need for the job. Read [What You Should Know Before You Hire a Contractor](#).
- Ask friends and neighbors for referrals. A paid advertisement isn't necessarily a good indication of the quality of a contractor's work, and not all online reviews are unbiased or truthful.
- **Get *written estimates*** from *at least three* contractors. Don't automatically choose the lowest bidder! Ask for explanations on price variations among proposals.
- Insist on a *detailed* contract, including agreed-upon start and finish dates. Licensed contractors are required by law to provide a written contract for residential work, signed by both parties.
- Don't rely on verbal agreements. Get all guarantees, warranties, and promises in writing.
- **Limit your down payment or deposit.** A reputable contractor should be able to front the costs of most supplies without a large sum of money from you.
 - A good rule of thumb is an initial deposit of no more than **10% down or \$1,000**, whichever is less.
 - Unless the job requires custom-made items or special orders, in which case an initial down payment should be no more than 30% of the total value of the contract.
 - Consider making payments during the project contingent upon completion of certain tasks--that way, if the contractor is behind schedule, your payments are delayed.
 - Don't pay 100% of the bill until the work is 100% complete.

Tip-Offs to Potential Rip-Offs

Not all contractors operate within the law or regulations.

Here are some warning signs. Watch out for scams or an unlicensed contractor who:

- Solicits door-to-door (*you have a three-day right to cancel a contract negotiated in your home!*)
- "Just happens" to have materials left over from a previous job
- Pressures you into making an immediate decision
- Asks you to pay for the entire job up-front
- Only accepts cash payments
- Asks *you* to obtain required building permits

If you are victimized by a *licensed* contractor who engaged in improper or dishonest conduct, and unable to recover on a court judgment, you *may* be eligible for monetary relief from the [Contractor Transaction Recovery Fund](#).

For more information about contractor licensing, visit the [Board for Contractors website](#).