

# Hiring a Dependable Contractor

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**B**uilding, remodeling, or repairing a home can be one of the costliest undertakings a family experiences. When building or repairing your home, the general contractor you hire can be either the biggest help or the biggest source of problems you will encounter. Disreputable builders may try to take advantage of you, lining their pockets while leaving your house in an unsatisfactory state. You can learn to protect your interests and avoid financial disaster by becoming an informed consumer.

## Hiring a Trustworthy Contractor

Kentucky consumers can protect themselves from scams and poor workmanship by hiring a county licensed contractor. A license guarantees that a contractor is a trained professional who answers to the local government.

A complication for many homeowners, however, is that Kentucky is one of a minority of states that does not require all general contractors (builders who make repairs that do not involve plumbing or electrical work, such as roofing) to be licensed or registered. Only three counties have mandatory licenses for contractors: Fayette, Jefferson, and Warren Counties.

The state of Kentucky does, however, require that plumbers, electricians, and HVAC repair professionals have some sort of license or registration before performing work on a home. Those who live in counties with licensed general contractors (or those looking to hire a builder for electrical, HVAC, or plumbing repairs), should take precautions to ensure that builders are not misrepresenting themselves.

When you take bids from contractors, ask to see their licenses. If they provide you with license numbers, check to make sure that they are real and match the information of the contractor who gave them to you. To verify the numbers, visit the Kentucky Department of Housing, Building, and Construction (DHBC) at <https://ky.joportal.com/License/Search>.

The DHBC site has a search tool that verifies license information. A homeowner types in the license number provided and learns immediately if the license is valid under the contractor's name. Do not consider hiring any builder who misrepresents their license status in any way.

Kentucky residents who live in counties without general contractor licensing boards may find dependable builders through other sources. Seek recommendations from trusted friends or neighbors. A recommendation can be especially useful if you have a neighbor who had similar work completed in the past. For example, if you need your roof repaired following a hail storm, ask neighbors who had their roofs fixed after a previous hail storm. If you have an insurance claim for your home improvement project, your home insurance agent may be able to recommend a qualified builder in your area.

You may also contact your local Home Builders Association (HBA). The builders in the HBA must meet certain training criteria to gain membership and the right to use the association's name. To find the contact information for the HBA nearest you, go to the Kentucky HBC site at <http://www.hbak.com/>. In addition, the Kentucky legislature recently passed "storm-chaser" laws requiring contractors to provide customers their full contact information; the law also establishes a short grace period during which homeowners may back out of their contracts.

## Verifying Insurance

Although not all counties require that contractors be licensed, all counties in Kentucky require builders to have worker's compensation coverage. Reputable builders should also carry an insurance certificate proving they are insured for any damages that may occur on your property. However, even some licensed contractors do without coverage as a way to save money. Without worker's compensation or liability insurance, you as the homeowner could be sued if injury or damages occur during remodeling.

When preparing to hire one of your bidders, ask to see a copy of the contractor's insurance certificate and proof of worker's compensation (which are separate documents). If the contractor refuses or offers you excuses, do not do business with him. When you receive a copy of the insurance certificate, make sure that personal liability, property damage, and worker's compensation insurance are all indicated on the certificate. Also check that the insurance policies are current. Many unscrupulous contractors will allow their coverage to lapse yet still use the old certificate to fool clients. If you are suspicious of your contractor's coverage, request resources from the state government.

The Kentucky Labor Cabinet provides a resource for looking up contractors' insurance coverage at <http://labor.ky.gov>. A homeowner types in the contractor's information to learn if his or her policy is current. Kentucky's Department of Worker's Claims (<http://www.labor.ky.gov/workersclaims/Pages/Department-of-Workers%27-Claims.aspx>) can verify the worker's compensation coverage through the Division of Security and Compliance (<http://www.labor.ky.gov/workersclaims/sac/Pages/Security-and-Compliance.aspx>).

The contractor you consider hiring will likely plan to use the help of workers and subcontractors. Disreputable builders, to reduce their costs, may try to have only a couple of members of their crew insured. Contractors might also use undocumented workers and deliberately leave them out of their policies. All workers must be listed on the insurance and workers' compensation certificates. If not, they are not covered for accidents, and you could be held liable. Before repairs begin, make sure that all workers on your property match those on the insurance policies. Unlisted crew members must be asked to leave. If the contractor's building crew changes, make sure you ask for updated insurance documents to cover the new workers. This advice also applies to subcontractors brought in for the job. Ask to see their proof of worker's compensation and insurance certificates listing the names of their entire crew.

## References and Complaints

After the contractors have provided documentation of their insurance, ask them to provide references. Each potential hire should give you the names, addresses, and telephone numbers of at least three recent customers. However, just asking for the references is not enough. You must contact the former clients and ask

them questions to determine if the contractors can be trusted with your repairs. Ask:

- Were you satisfied with the work, timeframe, and expense of the project?
- Did the contractor keep you adequately informed of progress?
- Did the project encounter problems? How were they handled?
- Was the project completed within the estimated cost? Were there unexpected expenses?
- Were the workers professional and timely?
- Would you recommend or use this contractor again?

Remember, though, that you cannot depend on every contractor to be honest about all of their previous work. Contact the Better Business Bureau (BBB) or the Office of Kentucky's Attorney General (<http://ag.ky.gov/Pages/default.aspx>) and ask about past complaints against a contractor. To find the BBB nearest to you, visit <http://www.bbb.org/> and enter your zip code.

## Contracts

All homeowners having their homes built or remodeled should ask their new contractor for a written contract.

A contract protects your interests by detailing how the project will progress, how much it will cost, and when it will be completed. Do not give the contractor any sort of payment before the contract is signed, and do not allow him or her to talk you out of a written contract. Have an attorney review any contract before you sign it to clarify legal implications.

If the contract specifies exactly how you wish the job to be performed, then the contractor cannot go against those wishes after he or she signs the agreement without incurring penalties. The contract should detail how much and when the builder will be paid. Include all oral guarantees so that you have a record of what was promised.

To ensure that the job will be completed without hidden expenses or liability, your contract should include:

- Contractor's name, business address and phone number, and license number
- Payment schedule for the contractor, subcontractors, and suppliers
- Payments to the contractor are contingent upon meeting scheduled building goals
- Expected project start and finish dates
- The estimated cost of the project, and what is covered by that cost

- Obligation of the contractor to obtain permits
- How changes to the original planned work or contract will be handled
- Detailed descriptions and lists of materials to be used
- Names and addresses of those who will honor any warranties for supplies and workmanship as well as the length of the warranties
- Details about who is responsible for worksite clean-up and proper disposal of waste
- Statement of your right to cancel the contract

Your project is not completed just because the contractor says it is. Before you agree to sign an affidavit of final release and give your builder the last payment, go through every aspect of the construction and the contract. Ask yourself:

- Did the work performed match your specified standards and do you approve?
- Were all supplies and workers paid for?
- Was the worksite cleaned up?
- Do you have copies of the warranty information?

When you can answer yes to all of these questions, your repairs are complete.

## Building Codes and Permits

When collaborating with the contractor to plan your home, you must first be aware of local building and zoning codes. If the codes have recently changed without your builder's or your knowledge, your project may be in violation of local law. To protect yourself from such an obstacle, you and your builder should review the most recent building codes. Kentucky Building Code amendments can be found on the Division of Building Codes Enforcement (DHBC) site at <http://dhbc.ky.gov/bce/Pages/default.aspx>.

Many repairs that involve structural changes to the home may need building permits before the project can proceed. However, whether or not you need a permit (for jobs not related to plumbing, electric, or HVAC) depends upon the city or county in which you reside. If you are unsure whether your county requires building permits, you can check your local government's website.

Contractors usually obtain permits themselves. If they pressure you to obtain them, however, they may be trying to avoid liability for future problems, or they may not be able to get a permit because they falsified requisite documents, such as workers' compensation insurance. If this situation occurs, investigate. A con-

tractor may dishonestly claim to have filed permits for similar reasons. The Kentucky DHBC offers a resource for homeowners to check whether their contractor is honest. To check if a building permit is on file with the state, visit <https://ky.joportal.com/Permit/Search>.

If you absolutely must obtain a building permit yourself, you can do so through your local government office. Which departments process permit applications varies across Kentucky. In Jefferson County, for instance, homeowners apply for permits through the Department of Codes and Regulations. But in Fayette County, the Department of Public Safety provides permits. If your county requires building permits, you can check the department listings on your county website to find out where to apply. You will likely need a copy of your building plans, the deed to the home, and proof of workers' compensation and insurance.

## Natural Disasters

In the event of a sudden natural disaster, homeowners do not have as much time to plan repairs or follow the proper guidelines. Natural disasters can draw predatory contractors who flock to damage areas from other states. Homeowners in devastated areas may have difficulty quickly finding a contractor they can trust, especially if they live in a county that does not require contractors to be licensed. In such a case, consumers may not be able to tell the professionals from the predators.

The Office of Kentucky's Attorney General has developed a program to assist disaster-stricken communities in avoiding fly-by-night operators or storm chasers. In the aftermath of a natural disaster, local governments may put the Attorney General's Contractor Registration Program into effect. Contractors who wish to repair damage will be required to register with local government or the Attorney General's Disaster Fraud Task Force. The task force or local government will collect the necessary proofs of insurance, perform background checks, and provide registration certificates that must be displayed at the worksite. A media campaign will notify consumers that the program is in effect and that they should only hire registered contractors. This program helps homeowners safeguard themselves during disaster recovery by taking the guesswork out of identifying dependable builders.

To further protect homeowners from scams, Kentucky lawmakers enacted new "storm-chaser" legislation effective July 2012. The new law requires contractors

performing roofing repairs to give customers their mailing addresses and phone numbers along with any other contact information. Roofers must notify homeowners of their rights should the contract need to be canceled. Owners have the right to cancel a contracted building project within five days if they receive notice that their insurance will not fully cover the repairs. Contractors cannot ask for advance payment within those initial five days unless repairs must be performed without delay to prevent foreseeable damage or injury. Finally, it is now illegal for contractors to attempt to entice business by offering to pay the insurance deductible or by offering expensive gifts.

Consumers coping with the aftermath of a natural disaster can find more resources online through the University of Kentucky Cooperative Extension Service. For articles and links to information on disaster recovery, visit <http://www2.ca.uky.edu/moneywise/disaster-recovery.htm>.

## Filing a Complaint

If you are victimized by a deceitful contractor, immediately file a complaint against him or her. Some agencies may try to take rectifying action; others will keep the complaint on file to dissuade future potential clients from hiring the builder. Be aware, however, that predatory contractors may simply change their business names to avoid association with previous complaints. Kentucky homeowners can go to the following agencies for help filing a complaint:

- Office of Kentucky Attorney General <http://www.ag.ky.gov/consumers>
- Department of Housing, Buildings, and Construction <http://dhbc.ky.gov>
- Home Builders Association of Kentucky <http://www.hbak.com/>
- Your local licensing board

## Related Publication

Setari, R., and R.H. Flashman. (2012, June). How to Protect Yourself from Financial Liability When Building, Remodeling, or Repairing Your Home. Lexington: University of Kentucky Cooperative Extension Service.

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