

Homeowners: Beware of Home Repair Scams



THE TOP FIVE HOME REPAIR CONTRACTOR SCAMS AND HOW TO AVOID THEM

1. **“I’ll need all the money up front.”** DANGER: The contractor abandons the job or performs slapdash, sloppy work. To avoid this, only pay \$1,000 or 10% (whichever is lesser) of the job.
2. **“Take my word for it.”** DANGER: The contractor adds extras not included in the written contract, substantially increasing job costs. To avoid this, make sure EVERYTHING is in the written project description.
3. **“I don’t need a permit.”** DANGER: The work performed may not meet safety codes, and you may be personally responsible for inspections. To avoid this, DEMAND that the contractor get a permit.
4. **“We ran into unforeseen problems.”** DANGER: This could mean unanticipated costs tacked on during the job where an unscrupulous contractor underbids to get the job and finds excuses to increase the price later. To avoid this, make sure that the written contract has a procedure for change orders that requires signatures of both the homeowner and the contractor. Get an estimate from a different contractor or inspector if the new costs are significant.
5. **“I have extra materials I can sell you cheap.”** DANGER: The quality of the materials is unknown. After you buy them, the contractor may disappear. To avoid this, NEVER hire a contractor on the spot. DO YOUR HOMEWORK!

Should I go through a contractor to get a loan? No. Some contractors will offer you a home equity loan or refinancing. BEWARE of high interest rates or high fees. Deal DIRECTLY with the lender or mortgage company. Allowing the contractor to take your application can result in a disaster if the contractor steals the money from the loan, leaving you on the hook to repay it.

What steps should I take before hiring a contractor?

1. Get at least three estimates that include an itemized list of work to be performed.
2. Get complete contact information for the contractors: name, physical address and phone number.

3. Call or search (<https://www.bbb.org>) the Better Business Bureau to see if there are any complaints against the contractors.
4. Get a written contract and do NOT sign until you read it and understand all terms. Never sign a contract with blanks.
5. Get references and call them. When you speak with references, ask about:
 - **Timeliness** – Did the contractor get to the work site on time? Did the contractor complete the job on schedule?
 - **Quality** – Did the contractor do quality work? Are there any unresolved issues with the work or repairs needed?
 - **Work Ethic** – Were the contractor and crew orderly? Did they clean up when they finished? Did they show attention to detail? Did they disappear frequently?

Does the contractor I hire need to be licensed and insured? We **strongly** recommend that you only hire contractors licensed by the Louisiana State Licensing Board for Contractors (LSLBC). Any home improvement contractors bidding on jobs worth \$7,500 or more must have a home improvement license issued by the LSLBC. Contractors performing new construction worth \$50,000 or more require a residential building license, \$100,000 in liability insurance and workers' compensation insurance.

Regardless of the cost of your project, ASK the contractor if he has liability insurance and ask to see a copy of the policy. BE SURE the name of the company or individual matches the name on the policy. Get the contractor's licensing number. Verify the license number and find out whether there have been any complaints or disputes against the contractor by calling the LSLBC at 225-765-2301 or searching www.lslbc.louisiana.gov. Be aware of two things that unethical contractors tell customers:

1. **"I'm working under the license of a licensed contractor."** If this happens, call the licensed contractor to verify this, and get something in writing from the licensed contractor confirming that the project will be performed under his license.
2. **"The state licensing requirement has been waived."** This is a red flag that the contractor is misinformed or lying. If he is an out-of-state contractor, he must apply for a Louisiana license.

How should I pay my contractor?

- If contractor requires an up-front payment, pay no more than the lesser of \$1,000 or 10% of total costs of the job.
- After the first payment, pay only for work as it's done. If you are not satisfied with the work, DO NOT pay the contractor until the work is done to your satisfaction.
- Pay by check or money order. Proof of payment may be required by your mortgage company or insurance company. Get a signed receipt if you have to pay in cash.

My roof has been damaged because of a disaster, and I'm worried about more damage to my home while waiting for repairs. Is there someone I can contact to get my roof temporarily fixed?

Yes. Call **1-888-766-3258** (1-888-RoofBlu). The U.S. Army Corps of Engineers' program Operation Blue Roof provides plastic blue sheeting to protect roofs damaged in a disaster until permanent repairs can be made. To learn more about Louisiana law, go to www.louisianalawhelp.org and click on Housing.