

Homeowners Beware! Home Repairs



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Be especially careful to avoid home repair scams. When home repairs are needed or when disaster strikes, many dishonest contractors and people claiming to be contractors prey on people whose homes need repairs or have been damaged. These “contractors” know that in times like these, people are vulnerable and want their homes repaired quickly. Contractors or those posing as contractors, whether from the local area or out of town, may take your money, and then disappear without doing any work or doing it poorly.

A contractor has offered to get me a home equity loan or to refinance a loan with a company he knows about. Should I go through the contractor to get a loan?

No! It is best to shop around for a loan yourself. Be especially careful of contractors who tell you they can get you a loan. Some contractors may work with lenders who charge high interest rates or high fees for home equity loans or refinanced loans. Always make sure that you deal directly with a mortgage broker or lender rather than letting the contractor be the middle-man. If you let the contractor take your application for the loan, the contractor may pull a scam where she or he steals the money from the loan and you are on the hook to pay it back. The best policy is to keep your business with the contractor separate from your business with the lender.

What general steps should I take before hiring a contractor?

Get at least three written estimates. The estimates should contain an itemized list of the work to be done. Call the Better Business Bureau to see if there are any complaints against the contractors. Get a written contract and read all the fine print

before signing it. Do not sign the contract until you understand all terms completely. If you do not understand the terms of the contract, talk to a friend or call your legal service corporation for assistance in understanding the terms of the contract. Also, before you hire a contractor, get three references. Call these numbers to check if the contractor has performed work properly and quickly.

What specific information should I get from a contractor before hiring him, and is it okay to hire a contractor who isn't licensed?

Make sure that you get full contact information from the contractor before hiring him to repair your home. Get the contractor's name, address, and phone number. If the person uses only a P.O. Box, get her or his business and personal street address. Also ask the person to show you picture identification. Make note of the information on the picture identification.

It is recommended that you hire only contractors licensed by the State of Louisiana Licensing Board for Contractors. Ask the contractor if he is licensed. If the contractor is licensed, be sure to get the license number. Then verify the contractor's license number by calling the Board at 225-765-2301 or by searching the database on its website, <http://www.lslbc.state.la.us>. Also ask the Board whether there have been any complaints about or disputes with the contractor.

If a contractor tells you that he is working under the license of a licensed contractor, call the licensed contractor to verify this and get a letter in writing from the licensed contractor confirming that the contractor will be performing the work on your home under his license.

When does a contractor have to be licensed?

Whether self-employed or not, all home improvement contractors, renovators, and remodelers who bid and perform work valued at \$7,500 or more must have home improvement licenses issued by the Louisiana State Licensing Board for Contractors. Contractors performing new construction for an amount of \$50,000 or more require a state residential building license and must carry \$100,000 in general liability insurance as well as worker's compensation insurance. Whether you are hiring a contractor to make repairs or build a house from the ground up, ask the contractor if he has liability insurance. Have him show you a copy of the policy, check to make sure that the name of his company matches the name on the policy, and check to make sure that the policy is currently in effect.

What if a contractor tells me that the state licensing requirement has been waived as a result of disaster or for any other reason?

He is either misinformed or lying. In some cases, a contractor licensed in another state may be able to obtain a Louisiana license. Just because a contractor is licensed in another state, however, does not mean she or he is licensed in Louisiana. She or he must apply for a Louisiana license.

When and how much should I pay a contractor?

If the contractor requires you to make an up-front payment, make sure that the amount is only some small percentage of the total cost of the job. Try to pay no more than 10 to 20 percent up front. After that, only pay for work as it is done. If you pay the contractor before he completes his work properly, there is no incentive for him to finish the job. If you are not satisfied with the work, do not pay the contractor.

How should I pay for repairs?

It is strongly recommended that you pay by check or money order, not in cash. Future proof of payment may be required by your Mortgage Company or insurance company. If you absolutely must make a payment in cash, be sure to get a signed receipt.

My roof has been damaged as a result of a disaster, and I am concerned that there will be further damage to my home if it is not temporarily repaired until I can get it fully repaired. Is there someone I can contact to try to get my roof temporarily repaired?

The U.S. Army Corps of Engineers has a program called Operation Blue Roof to provide temporary roof repairs to residential structures during a disaster. These temporary repairs will be made with plastic sheeting and provide temporary relief until permanent repairs may be made. To find out more about Operation Blue Roof, call 1-888-766-3258. When you call, you will hear a recording that will tell you the locations to register for a blue roof in the event of a disaster.

For information on tips to avoid contractor fraud provided by The Louisiana Attorney General, go to <http://www.ag.state.la.us/> and click on publications, and then on Consumer Column. If you want to file a consumer complaint against a building contractor, go to <http://www.ag.state.la.us/> and click on Consumer Complaint.

If you would like to learn more about the law in Louisiana, go to www.lawhelp.org/la and click on Housing.