

Hiring Home Improvement Contractors

consumer**brief**

HOMEOWNER PROTECTIONS

Each year, the New Jersey Division of Consumer Affairs receives thousands of complaints from consumers who hire contractors to do costly repair projects and who are less than satisfied with the results. Consumers complain about shoddy workmanship, missed deadlines, and a contractor's failure to complete the work or to start the project at all after taking a deposit.

The New Jersey Consumer Fraud Act is designed to protect you from misrepresentation, fraud and deception in consumer transactions, including contracts for home improvement work. In addition, the Contractors' Registration Act requires home improvement contractors to register with the State.

Home improvement contractors had to initially register with the Division of Consumer Affairs by December 31, 2005, and must register annually thereafter, unless specifically exempted.

Home improvement contractors who are not registered with Consumer Affairs will not be issued municipal construction permits and will not be permitted to perform home improvement work in New Jersey. More information about the law may be found on the Division's Web site at: www.njconsumeraffairs.gov. *Note: Registration with the State does not constitute an endorsement of or approval for the home improvement contractor.*

WHO IS A HOME IMPROVEMENT CONTRACTOR?

Home improvement contractors are individuals and companies involved in repairing, renovating, modernizing, installing, replacing, improving, restoring, painting, constructing, remodeling, moving, or demolishing residential or noncommercial properties.

Home improvement contractors include those who work on residential driveways, sidewalks, swimming pools, terraces, patios, additions, landscaping, fences, porches, windows, doors, cabinets, kitchens, bathrooms, garages,

finished basements, basement waterproofing, fire protection devices, security protection devices, central heating and air conditioning equipment, water softeners, heaters and purifiers, solar heating or water systems, insulation installation, roofing and siding, wall-to-wall carpeting or attached or inlaid floor coverings, and more.

TIPS FOR CONSUMERS

- Contact Consumer Affairs to see if consumers have filed any complaints against the contractor and to ensure the contractor is registered.
- Get written estimates from at least three contractors. Ask the contractors how long they have been in business, if they have liability insurance (as required by law), and whether they will be using subcontractors on the project.
- Contact the references your contractor gives you. Ask them whether the job was completed on time, whether there were any unexpected costs, whether the workers showed up on time and cleaned up when they finished, and whether they would use the contractor again.
- Ask your contractor about his or her professional affiliations and confirm the information with those organizations.
- Investigate financing options for your project. Shop for credit and be sure you understand the annual percentage rate you will have to pay.
- Do not pay for the entire job up front. The customary arrangement is one-third in advance, one-third halfway through the job and one-third upon completion. Do not pay with cash.

KNOW THE LAW

Obtain a written contract. Contracts for home improvement projects costing \$500 or more must be written and must include the legal name and business address

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of the contractor as well as a start date, a completion date, a description of the work to be done, and the total price. The contract must also include the contractor's registration number. The contractor must also provide you with a copy of his commercial general liability insurance and the telephone number of the insurance certificate.

Make sure all warranties and guarantees are in writing, and that the contract states name brands or quality/grades of materials to be used.

Before you sign a contract, ask for a lien waiver. A lien waiver is a receipt that states that the workers and material suppliers will not ask you for money once you have paid the contractor. Beware if a contractor asks you to sign a statement that says you will cover the costs of materials and labor if the contractor does not pay.

Signed contracts may be canceled by a consumer for any reason before midnight of the third business day after you receive a copy of the contract. Put the cancellation in writing and either personally deliver it to the contractor or send it registered or certified mail, return receipt requested. A photocopy of your cancellation should also be sent via regular first-class mail.

Ensure that all applicable construction permits are obtained from the local municipality. If you are applying for the permit yourself, provide the contractor's name and license in the permit application. Do not say that you are performing the work yourself if you are in fact using a contractor as you may be forfeiting the protections afforded by law.

If an electrician or plumber is doing the work, the municipal permit must be signed and sealed by the New Jersey licensed electrical contractor or licensed master plumber.

If the homeowner has hired an architect to draw up plans, the licensed architect must sign off on them. Determine from the municipality what inspections are needed and when they must be performed.

Final inspections must be completed BEFORE final payment is made to the contractor. For information on inspections, see the notice printed in large type on the back of the construction permit.

WARNING SIGNS

If you hire a contractor, make sure you get the registration number, name, street address, phone number, license plate number and vehicle description. If a problem does occur, this information will be helpful to law enforcement agencies. Look for red flags. Be wary if the contractor:

- asks for more than a third of the total payment before work can begin.
- demands cash.

- tells you there is no need for a written contract. (Written contracts are required for projects costing \$500 or more. We recommend you get a written contract for all projects.)
- only has a P.O. Box as his/her business address.
- does not have a Division of Consumer Affairs registration number, unless he/she is exempt from registration requirements.
- approaches you (when you haven't sought him/her out) claiming he/she was just in the neighborhood and can give you a good deal.

HOME REPAIR COMPLAINTS

If you have a problem with your home improvement project, first give the contractor an opportunity to resolve the matter directly. If you are not satisfied with the results, you may:

- File a complaint online with Consumer Affairs at: www.njconsumeraffairs.gov/ocp/ocpform.htm.
- Call Consumer Affairs at 1-800-242-5846 to request that a complaint form be mailed to you.
- Call your county or municipal consumer affairs office for a complaint form.

HIRING OTHER LICENSED PROFESSIONALS

Persons or companies licensed by the State, such as plumbers, electrical contractors and architects, are not required to register as home improvement contractors if they are acting within the scope of their profession. Before hiring any of the professionals listed below, check the Licensee Search link on the Division's Web site or call the appropriate licensing board to determine that the person doing the work is licensed to do so and that his/her license is active and in good standing.

LICENSING BOARDS

Architects	973-504-6385
Burglar Alarm Installers	973-504-6245
Electrical Contractors	973-504-6410
Engineers	973-504-6460
Fire Alarm Installers	973-504-6245
Land Surveyors	973-504-6460
Landscape Architects	973-504-6385
Locksmiths	973-504-6245
Plumbers	973-504-6420

