

Qualifying Your Contractor

Our goal is to help you protect yourself with enough information and advice to avoid the scams. Because many situations require emergency service to restore your electricity, plumbing, gas lines or structural integrity, you may feel rushed into making agreements with contractors. Don't do this.

It is in the best interest of both homeowners and legitimate, licensed contractors to protect homeowners from scams by unlicensed contractors.

Things to remember:

Colorado State does not issue contractor license, each local jurisdiction presides over the licensing and therfor records and issues licenses for each level of Contractors

There are some very good reasons to use a licensed contractor, even if you think you can save a few dollars by accepting an unlicensed contractor's offer. It is cheap insurance using a licensed contractor.

Exposure to unexpected liability. If the homeowner contracts with an unlicensed person or company, then the homeowner can be held liable for on-the-job injuries sustained by that unlicensed person's or company's employees. This does not seem fair, but this is the way the law works. Sometimes even homeowner's insurance will not cover this, all because the contractor is unlicensed. This exposes you, the homeowner to liability you never dreamed of, all because the contractor lied to you about being licensed.

Protection. Using a licensed contractor offers protection to the homeowner in the following ways:

A. The contractor **knows his or her trade**, and has been tested and is insured for this.

B. Contractors must test and pass to obtain a certificate of eligibility, the local jurisdiction then qualifies the contractor with certain qualifications; most counties require proof of on the job experience, supervisory experience / certification, proper insurance requirements, and state registrations.

BBB is no guarantee. Some people recommend checking the Contractor's Name and license number with the Better Business Bureau (BBB). This WILL NOT protect you against being scammed by illegitimate contractors. Also, many legitimate licensed contractors are not member of the BBB.

Homeowners need to understand that the BBB is NOT a government agency, and has no power to enforce any laws. They are a private, not-for-profit organization that requires businesses to pay a membership fee in order to join. The same thing applies to local Chamber of Commerce groups. These groups are useless when it comes to verification of contractors as being licensed or not.

The Scam

What has been happening lately is that scam contractors present credentials (license numbers, business cards, etc.) of *legitimate licensed contractors*, even though they are not affiliated with these businesses. When a homeowner checks on the legitimacy of the business with the BBB, they check out ok, and the scammer has been able to pull off the first part of the con. The homeowner now feels comfortable working with a "legitimate" contractor.

From there, the scam contractor will try to get money up-front for work to be done. There will be excuses such as needing materials, supplies and such. There may be promises of getting at the top of the list, or discounts because their equipment is already in the area if you act immediately, and of course hand over money. Once the money is in their hands, you have lost.

Confirm the contractor

The best way to confirm that a contractor is who he says he is, is to follow the procedures outlined below:

A. Verification. Go directly to your local building department and verify first that they are a licensed contractor, either by the contractor's license number or the name of the company.

B. Name and telephone. At the local building department site, you will be able to get information on whether or not they have up-to-date insurance and usually the owner or contact person as well as a telephone number that is legitimate.

C. Confirm the contact person. Call the telephone number that you obtained from the building department site and confirm that the person you are dealing with is a legitimate employee of the company.

D. Expect additional documentation. Require the contractor to produce a copy of both the contractor's license and insurance requirements.

MAKE THE FOLLOWING DEMANDS.

To protect yourself, you as a homeowner **MUST DEMAND** that the contractor prove to you:

A. Bona Fide Employee or Owner. That the person you are dealing with is truly an employee or owner or authorized agent of the contractor.

B. Documentation. Be sure that the contractor has all the proper insurance and licensing documents.

****Keep in mind that any legitimate contractor will NOT be offended if you demand (politely of course) that they provide proof of license, insurance and references before you enter into any type of agreement. They expect this, and it is these requirements that keep unlicensed contractors from taking advantage of the unsuspecting homeowners.****

Now that you have taken the time to confirm that the contractor that you are dealing with is legitimate and passes the above listed requirements, you can move on to the next phase.

GET IT IN WRITING. Obtain a firm **WRITTEN** quote from the contractor detailing the **exact work to be performed**, the **exact cost** for the work, the date the **work will begin**, and the time it will take to **complete the work**.

GET AN EXACT PRICE QUOTATION. DO NOT sign any contracts or agree to pay a contractor based on "open time and materials" needed to perform the work. **GET AN EXACT PRICE.** Time and materials is vague and unclear as to how much it will cost, and the contractor has no incentive to finish quickly or efficiently.

GET ALL CHANGES IN WRITING. Just as with the original contract, DO NOT approve changes in the price or scope of work verbally. Insist that all changes in price or scope of work be in writing signed by both the contractor and the homeowner.

REQUEST A REFERENCE LIST. Any legitimate contractor has previous customers and contact info. Request a list, and contact them! most homeowners are willing to share the experience, GOOD or BAD! Ask questions about service, timeliness, quality of work, etc. Some homeowners may be even invite you to visit the work that has been completed. This is a **MUST!!**