

# Consumer Tool Kit to Home Improvement



## Modus operandi: Potential Rip-Off Lines by Disreputable Contractors

**Consumers should be cautious when entertaining the notion of home improvement work. They need to be aware of common tools or lines of persuasion offered by some unethical contractors.**

### ***"I just happen to be working in your neighborhood."***

Some contractors may come to your home unsolicited using the pretense that they noticed problems with your home while working on a neighboring house. For example, the contractor might say he or she was on the roof of your neighbor's home and noticed missing shingles on your roof. More often than not, repairs are not actually needed. Be especially skeptical if the "contractor" has an out of state license plate or does not have a company name or phone number on his or her vehicle. Do not agree to any repairs on the spot. Get references and estimates for the job.

### ***"I have materials left over from another job."***

Contractors may offer a discount for a job because he or she has extra materials from another job. The reality is that reputable contractors order supplies to meet the needs of each job.

### ***"I want cash up front."***

Contractors asking for cash upfront often take your money and disappear before or after your project gets under way. Do not pay in full for a project. Do not pay in cash.

**Note:** You may be asked to pay a down payment. You should create a payment schedule with the contractor at the start -- wherein you pay some portion upon completion of stages of the project. Your payment schedule should be based on reasonable performance. Hold a portion of the payment until the job is complete.

### ***"I have a special offer that's good for today only."***

Often when a contractor pressures a homeowner to act quickly, and does not provide time to think about the project, it is a red flag. However, some contractors will have specials, so ask to see a flyer or other proof of the advertised limited offer. Get all details of an agreement in writing.

### ***"I can help you finance the project."***

A contractor may suggest you borrow money from a lender the contractor knows. This could indicate a home improvement loan scam, as the contractor may be getting kickbacks from the lender. Never finance through your contractor without shopping around and comparing loan terms. Be careful what you sign as you may end up with a home foreclosure problem.

## **Examples of Inappropriate Home Improvement Practices**

**Driveway Sealant Scam:** Deeply discounted driveway services may use inferior products that wear away within a few months or after a few rainfalls. Ask what type of material is used and the method of application and do some research.

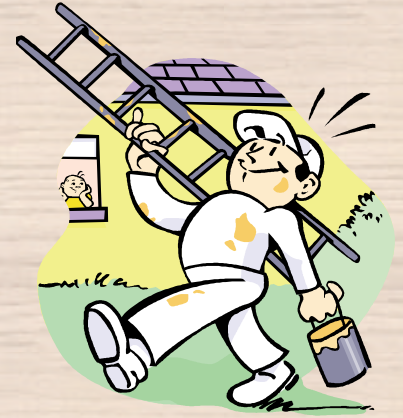
**Chimney Repair:** This scam often begins with a cheap offer for gutter cleaning. Once the gutter work is performed, the contractor claims that the chimney is in need of repair and may even go so far as to remove bricks and mortar from your chimney.

**Note:** There might be decay if you burn a lot of wood and do not get your chimney inspected on a regular basis. Another popular chimney scam is when a contractor claims that there is a threat of carbon monoxide poisoning if the chimney is not repaired immediately (get a second opinion from a reputable contractor).

**Roofing:** Some contractors may use substandard materials and only after your roof leaks, possibly resulting in interior property damage, you realize you have been scammed. You should request that your contract have a hold-back clause where the final payment is withheld until 30 days after completion of a project. This provides time for the roof work to withstand some weather patterns such as rain, wind, snow or ice.

# Watch Out: Warning Signs of Potential Home Improvement Contractor Problems

1. You can't verify the name, address, telephone number or credentials of the remodeler.
2. The contractor's vehicle is not identified with the name of the business or phone number or has out of state plates. As well, avoid transient contractors with only a P.O. box address or cell number.
3. The contractor solicits door-to-door.
4. The contractor misrepresents the urgency of a repair.
5. The salesperson tries to pressure you into signing a contract.
6. The contractor asks you to get the required building permits.
7. The remodeler tells you a special price is available only if you sign the contract "today."
8. No references are furnished.
9. Information you receive from the contractor is out-of-date or no longer valid.
10. You are unable to verify the contractor's license or insurance information.
11. The remodeler offers exceptionally long guarantees.
12. You are asked to pay for the entire job in advance, or to pay in cash to a salesperson instead of by check or money order to the company itself.
13. The contractor does not offer, inform or extend notice of your right to cancel the contract within three days. Law requires notification in writing of your "Right of Rescission."
14. You are given vague or reluctant answers or your questions are not answered to your satisfaction.
15. The contractor suggests a lender for financing your project. The contractor is probably obtaining kickbacks from the lender or loan brokers for referrals.
16. The contractor could be perpetrating a "bait and switch" by offering low prices for installed items like windows and home siding, and then telling the homeowner the item is out of stock and can only be replaced with a high-priced substitute.
17. The contractor is reluctant to put the terms of the project into a written contract.
18. The contractor adds extra hidden charges.



## General Tips:

### Paying for the Project/Financing:

- Do not take a home equity loan on a project if you cannot afford the monthly payments.
- Do not consolidate other debts with a home improvement loan.
- Do not get pressured into signing any document.
- Do not deed your property to pay for your home improvement unless you have spoken to an attorney or someone else you trust that will have your best interests in mind.



### About the Contract: Make sure:

- All blank spaces have been filled in and that you have read and understood the entire document prior to signing.
- That the contractor's name, address, phone number, insurance information (if any) and license or registration number (where applicable) appears on the contract.
- There is a detailed description of the work to be performed and the materials to be used (such as size, color, brand, etc.).
- The contract specifies the contractor's obligation to obtain all necessary permits.
- Any warranties covering the work are outlined.
- The contractor's obligations are listed. These may include picking up supplies, cleaning up the worksite and/or repair of accidental damage.
- All oral promises are memorialized in the written contract.
- The contractor is under obligation to pay all subcontractors, suppliers, vendors and laborers (ensure that the contract details the contractors obligations). The contract contains a provision detailing your right to cancel the contract within three (3) business days and the method of doing so.
- The contractor signs the contract.



### Record Retention:

- Keep all paperwork associated with the project such as contracts, change orders, correspondence with the contractor.
- Maintain all product information such as warranty cards, product brochures, and manufacturer contact information.
- Take pictures of the job site before, during and after the project.

### Before the Start of the Project:

- Note what you want done and how much you can spend.
- Get written estimates from at least three (3) different builders/contractors, listing the materials, the prices and the services they will provide.
- Check references. Ask the contractor for the names and phone numbers of previous customers. Additionally, check the Better Business Bureau and your local consumer protection agency to learn if any complaints have been filed against the contractor and if they were resolved.
- Check their current workload because delays and problems can occur if a contractor is working on too many jobs at once.
- Before work is to begin, get everything in writing. Make sure that all promises, including a project start date, list of materials, payment schedule and the expected completion date are given to you in writing.

### At the End of the Project:

- Inspect the job to ensure that it meets the agreed upon specifications outlined in the contract.
- Make sure you receive proof that all the subcontractors, suppliers, vendors and laborers have been paid.
- Get specifics on extra work and unexpected charges. Additional material and other charges may be identified during the job. Any changes or extra work should be detailed in writing.
- Check to see if the site is cleaned of debris and no accidental damage has occurred.
- Inspect the contractor's work before signing off on the project. Get a paid-in-full receipt for your records.

**A sample building contract is available from the  
New York State Consumer Protection Board  
at  
[www.nysconsumer.gov](http://www.nysconsumer.gov)**



*Provided as a public service by the*

**New York State  
CONSUMER PROTECTION BOARD**

Advocating for and Empowering NY Consumers

[www.nysconsumer.gov](http://www.nysconsumer.gov)

**1-800-697-1220**

*This information has been compiled with the assistance from the following:*

The Federal Trade Commission  
Bankrate.com  
National Association of the Remodeling Industry  
National Consumer Law Center  
Consumers