

Thursday, March 6, 2008

How To Avoid Home Improvement Fraud

By; State Attorney General's Office

Each year the Consumer Protection Division of the New Mexico Attorney General's Office receives a significant number of consumer complaints about problems with contractors, unlicensed contractors, job abandonment in home improvement contracts, contractors who take their money but do not finish the job and other deceptive practices.

If you plan on hiring a contractor to perform any home improvement projects, the following tips are important to keep in mind before you hire someone or pay them any money.

For most people your home is your biggest asset. Take the time to plan a home improvement project carefully, to hire a licensed contractor, and to have an agreement that reflects what you want and can afford.

To find a reputable contractor:

- Select a New Mexico-licensed contractor.

The Construction Industries Division of the New Mexico Regulation and Licensing Department regulates and licenses contractors. Make sure the contractor is licensed with CID.

A contractor's license is required to do construction, alteration, demolition, installation or remodeling (except if you yourself do the work on your own house). A contractor who does most types of building work, such as, but not limited to, painting, paving, roofing, carpentry, siding, plumbing, electrical work and mechanical work must be licensed.

- Ask for a written bid for the work to be done, get more than one bid and evaluate the bids you receive.

You have the right to ask any contractor for a written estimate of the work to be done. The bid should include the work to be done, the materials to be used or purchased, the quality of the items to be purchased, the estimated costs, the labor estimate (including per hour cost or flat fee per job cost) and timeline and the contractor's name, address and license number.

In order to find out if the bid is reasonable, get more than one bid for the same job.

- Get references from the contractor, check the references, and ask to see photos of the work completed.

Don't rely on your impression or the representations made by the contractor. Ask for several names and phone numbers of people who have had work performed by the contractor and call them.

Ask them about the quality of the work, whether they would use the contractor again, whether the work was performed in the time frame promised, and other similar questions. If a contractor will not give you references, proceed with caution!

- Contact Construction Industries Division to confirm licensure and check on complaints. Contact the Attorney General's Office and the Better Business Bureau and check on complaints filed against the contractor.

These agencies and organizations provide this information to consumers. If a contractor has numerous complaints against them, it is best to check further before committing to hiring them or paying them any money.

To guard against hiring a disreputable contractor, you should:

- Never sign a blank contract or one that does not include all the costs and supplies.
- Insist on a written contract that details the work to be performed, the materials, the costs and the date the work is to be completed.
- Never pay up front for work that has not been started.
- Never pay an advance for work that has not been completed to your satisfaction.
- Never make a final payment until you are completely satisfied with the work performed.
- Review the Basic Items to Include in a contract at the CID Web site: www.rld.state.nm.us.
- Require that all changes to the contract be in writing and approved by you before being done.
- Remember that if the contract is signed at your home, by New Mexico law, you have a three-day right to cancel the contract.

Home tips

Attorney General Gary King's Office has released Tips for Working with Contractors and Avoiding Home Improvement Fraud, an online-accessible guide for consumers during National Consumer Protection Week.

The AG, along with other state, federal and consumer advocacy groups, is disseminating helpful information as part of the 10th annual NCPW which highlights consumer education efforts to combat consumer fraud across the nation.

The Consumer Protection Division of the AG's office produced the guide which provides tips for choosing home improvement contractors and avoiding scams that target homeowners.

The public can access the information on the Attorney General's Web site at: www.nmag.gov.

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Warning signs

What should you watch out for to avoid a home improvement scam?

- Unsolicited, traveling contractors who come to your home and point out problems you have not noticed.
- Contractors who arrive in unmarked trucks or vans and refuse to provide proof of insurance, licensure and references.
- Contractors who offer you "special deals," limited price offers or pressure you to decide in a short time.
- Contractors who say they were doing a job in the neighborhood and have "extra material" and will give you a reduced rate.
- Contractors who won't give you a written estimate, won't disclose their hourly rate, or who want to talk about the price of the job later.
- Any high pressure sales tactic or tactic that makes you feel uncomfortable or rushed to decide.
- A company or person who demands that you make full or a significant payment before the project is started.

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