

## Avoiding Disaster Repair Rip-Off: Choosing A Contractor

Many times following a natural disaster, one of the major problems faced by the victims is predatory home repair rip-off artists. These unscrupulous individuals will appear on the scene of the disaster very quickly looking for likely victims. To be sure, there will be individuals who legitimately want to help and are simply offering to provide you with a valuable service. These builders or contractors, who are properly licensed and credentialed, are your best bets during this difficult time. West Tennessee Legal Services and the Jackson Area Homebuilders Association want you to have some tips to help you decide about the builder or contractor that you hire, and some tips to help you avoid the rip-off artists and sham artists that might contact you.

### TIPS

- ▶ Make sure you know the person with whom you are dealing and the company he or she represents. Deal only with licensed and insured (or bonded) contractors. Require proof of the identity of their company and of the license and insurance. Don't make the mistake of only looking at a business card. These cards are easy to obtain and often contain false information. Even the phone number on the card may simply be the phone of someone who is in on the scam and who answers the phone pretending to be someone working at the company on the business card.
- ▶ To investigate the person or company, get a list of references with phone numbers and addresses and check them out. Ask for documentary proof of license and insurance or bonding. Call the Better Business Bureau to see if there are any complaints lodged against them, and to report any suspicious or inappropriate actions on the part of the contractor or builder. You can also check with friends, relatives, insurance agents, and adjusters for information on the company or to get suggestions for other contractors.
- ▶ Write down the license plate number of the vehicle driven by the builder or contractor for possible referral to the authorities and to aid in identification. Take note of the color, make, and model of the vehicle that is being driven, with special attention to whether or not the vehicle has company logos, names, addresses, phone numbers or identifying information. Be especially suspicious of unmarked trucks, vans, or other vehicles. If you have already been scammed, do not hesitate to call law enforcement.
- ▶ Be very suspicious of high pressure door-to-door tactics and offers of reduced prices due to "leftover materials" from other jobs. This is especially important to remember when you are under pressure or are stressed from the loss you have suffered. These rip-off artists prey on the feelings you are suffering and depends on being able to pressure you to act fast, to get the "bargain" they offer. Many of the unscrupulous builders will have inferior or inappropriate materials and will not provide you with adequate workmanship. They often pressure you to spend a large amount of money on only temporary repairs. They may even damage your home. They will be gone as rapidly as they appeared, and you may have no opportunity to question them about the work or take legal action against them.
- ▶ Another warning sign is the builder or contractor who asks you to pay for the whole job at the beginning. Needless to say, you should never pay even a deposit until you are sure of the contractor and the company. Even then, it is recommended that you should never pay more than one-third of the amount.
- ▶ It is recommended that you pay by check, or perhaps money order, but not cash. This is so you have a record of the transaction. You should question the builder or contractor very closely about whether or not his company is insured against claims of such things as Worker's Compensation, property damage to your home, and general liability.



- ▶ Never write a check or pay cash to the individual contractor for building materials. A better practice is to make the builder give you a written list of the materials required for the job, and then you go directly to the supplier or your choice, and consult with them. Many times these stores will have personnel who know the contractor, and who may know about the materials needed for the job. Once you purchase the materials and they are delivered, you should monitor the use of the materials by the builder.
- ▶ Maintain contact with the materials supplier and ask them to contact you if the builder attempts to return or exchange any materials, especially in return for cash. Remember that you purchased the materials; you own them, and the builder or contractor should not be allowed to take away the “leftover” materials that are in good condition. The contractor or builder may, however, be required under the provisions of the contract, to clean up the work site and haul away scraps and trash.
- ▶ Homeowners should also be aware that, under certain circumstances, builders, contractors, and suppliers can take legal action to secure payment for such things as labor, materials, or payment for work that is partially completed. This legal action may be called a lien. It may be against you, under the appropriate circumstances. If you have this happen to you, contact an attorney immediately.
- ▶ Be extremely careful about signing a contract for the work. Never let anyone rush you into signing the contract. Even though you may feel pressured to make a decision quickly, you should proceed cautiously and methodically.
- ▶ If you have insurance, you should contact your insurance agent immediately. If at all possible, you should wait for the adjuster, since your insurance policy may require the adjuster’s visual inspection before the insurance authorizes payment for repairs. Again, if possible, you should make only temporary repairs until an adjuster looks at the damage. It is recommended that you get at least three estimates from three different reputable firms. Ask if there is a charge for the estimate. Remember that the best person for the job is not necessarily the lowest bidder.
- ▶ When you decide on a builder or contractor, don’t let them force you to sign the contract immediately. First, read the contract carefully and ask as many questions as it takes to understand the terms. If you can’t read, or don’t read well, ask someone you trust to read it to you, or consult a lawyer. You should make sure that the contract specifies when the work will start, and when it will finish. Make sure it has clear, understandable terms as to what happens and who is liable if either party “breaches” (doesn’t act according to the terms) the contract.
- ▶ A proper contract should contain a section that addresses the “buyer’s right to cancel.” Usually, the homeowner has up to three business days to cancel the contract, but the cancellation should be in writing. Many times the homeowner will get promises from the builder or contractor to do other repairs or work that is not in the contract. This might come up when the homeowner notices additional damage or wants to change the way something is being done. It is extremely important to add these additional matters to the contract, in writing. If you don’t do this, the builder or contractor may not have to do them or may fail to do them, claiming no memory of your discussion.
- ▶ Never sign a contract with blanks that are not filled in properly. Never release the final payment for the work until all of the work is completed according to the contract. If there is anything about the contract that you do not understand, you should consult a lawyer.
- ▶ You should be extremely careful about signing a Contract for building or repair service which requires you to use your home or property as security or collateral for the work. This is very risky. If you fail to act according to the agreement, you could be in danger of losing your home or property. Many times, unscrupulous builders or contractors will inspect your home and tell you that your repair will cost a large amount of money. Then, they will explain that they just happen to know someone who will lend you the money, usually in exchange for using the title to your home as security for the loan. This is an especially risky situation for the homeowner. The loan is usually at a very high interest rate, and spread out over a long period of time. Many of these contracts will not have sufficient, legally required provisions, designed to protect the homeowner or borrower. You should always have a lawyer review the contract or agreement before you sign it. After the agreement is signed, it may be much more difficult to get help with problems, even from a lawyer.

**Always Keep a Written Record of Your Activities in a  
Diary, Notebook, or Calendar.**

This is an important source of information when trying to recall details about your discussions with the contractors and builders and other post disaster events.

