

# Hiring a Contractor or Remodeler? What You Should Know

## Are you planning to hire someone to work on your home or property?

If so, do your homework.

### Shop smart

While the law provides some protection from fraudulent or incompetent contractors, it doesn't guarantee honest transactions or perfect performance. Protect your investment by being an informed, cautious consumer.

Generally, work that "adds to or subtracts from real estate" must be done by a registered contractor. Contractor registration is also required for anyone who provides construction consultation, develops residential property or "flips" houses.

Businesses that provide services such as gutter cleaning, pruning, lawn care or window washing do not need to be registered.



## What is required by law?

In Washington, all contractors who perform work or who advertise or submit bids in this state must be registered with the Department of Labor & Industries (L&I), post a bond and carry general liability insurance coverage.

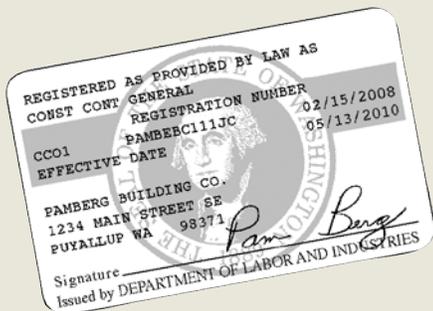
- A general contractor must maintain a \$12,000 bond. A specialty contractor, such as a painter, must maintain a \$6,000 bond. An electrical contractor must maintain a \$4,000 bond. Dissatisfied consumers may pursue restitution by taking civil action in Superior Court against a contractor's bond.
- All registered contractors must carry general liability insurance coverage in the amount of \$50,000 property damage and \$200,000 public liability or \$250,000 combined single limit. (Note: This requirement does not pertain to electrical contractors. Telecommunications contractors must carry \$170,000 in general liability insurance.)
- A contractor must have a current business license, and if the contractor has employees, he or she must have workers' compensation coverage.
- A contractor must provide a "Notice to Customer" disclosure statement to you for any residential project with a projected cost of \$1,000 or more, and any commercial project of \$1,000 to \$60,000.

Except for the licensing of electricians and certification of plumbers, there isn't a competency test to become a contractor in Washington State.

### Get answers

Visit L&I's Contractor Web site at [www.Contractors.Lni.wa.gov](http://www.Contractors.Lni.wa.gov), contact your local L&I office or call the toll-free contractor registration hotline at 1-800-647-0982 to learn:

- If a contractor is currently registered and for how long.
- If a contractor has workers' compensation insurance for his or her employees.
- If there is any pending or past action against a contractor's bond.
- Other business names a contractor may have operated under in the past.
- If a contractor has ever been cited for infractions.



### Before you hire a contractor or remodeler:

- Plan your project carefully. If you know what you want done and can clearly explain it, you're less likely to misunderstand instructions or encounter cost overruns.
- Interview several qualified registered contractors and solicit written bids.
- Verify that the contractors you are considering are registered by looking them up online at [www.Contractors.Lni.wa.gov](http://www.Contractors.Lni.wa.gov), by phone at 1-800-647-0982 or by contacting a local L&I office (see back page).
- Ask for references and then check them out. If possible, view the work, interview the homeowner and visit a site with work in progress.
- Ask for references of suppliers that the contractor works with and check out his or her payment record.
- Request a copy of the contractor's insurance policy to verify what is covered.
- Do an Internet search on the owner's name to look for general comments that might be posted.
- Evaluate all the aspects of the bids, including the scope of work, warranties, references, time frames and price.
- Request that the contractor post a performance bond for the entire cost of the project if it is more than \$6,000.
- Try to anticipate problems and inconveniences, such as cost overruns or cleanup, and come to an agreement with your contractor on how they will be handled before the work begins.

### Once you have chosen a contractor or remodeler:

1. Obtain a written contract that includes price, payment terms, sales tax, permit fees (if applicable), the specific work to be performed, materials to be used, warranties and start and end date. It is also a good idea to include change-order processes, final review and sign-off procedures and cleanup.
2. Ask for a disclosure statement prior to work starting. Sample disclosure statements are available on the L&I web site and at local L&I offices.
3. Make frequent inspections and consult your local building department about required permits. Make sure that all permits are in place and that inspections are in order.
4. When advancing money for materials, it may be possible to make checks payable to both the contractor and the supply house or to pay the supply house directly.
5. Put all change orders in writing and ask questions as work progresses. Avoid verbal contracts, and **be very cautious about paying for work that has not been completed.**
6. Request signed lien releases from all major subcontractors and suppliers on your job before making final payments.

### Be wary of contractors who:

- Provide credentials or references that can't be verified.
- Offer a special price only if you sign today or use other high-pressure sales techniques.
- Accept only cash, require large deposits or the entire cost up front or ask you to make the payment in their name.
- Do not provide a written contract or complete bid.
- Ask you to pick up the building permit. In most instances, the contractor is required to take out the permits. Permits are your protection and help ensure that work will meet local building codes.
- Offer exceptionally long warranties.
- Want to do most or all the work on weekends and after-hours.
- Give you an offer that sounds "too good to be true."

### Protect yourself with permits

#### Manufactured/Mobile Home Permits

L&I has statewide responsibility for approving plans and inspecting both new and altered manufactured/mobile homes and recreational vehicles for safety. For more information go to [www.FAS.Lni.wa.gov](http://www.FAS.Lni.wa.gov)

#### Building Permits

Contact your local county or city building department.

#### Electrical Permits

L&I performs most inspections throughout the state, but some cities do their own electrical inspections. For more information, go to [www.ElecPermit.Lni.wa.gov](http://www.ElecPermit.Lni.wa.gov).

### Avoid lien problems

Ask for the legally required disclosure statement that advised consumers about lien releases.

If any supplier of materials, worker or subcontractor is not paid, a lien may be filed against your property to force you to pay. You could pay twice for the same work. Or worse, an unpaid lien could lead to foreclosure on your home. (For remodeling projects, liens can only be filed for the amount left unpaid to the general contractor.)

If you receive a "notice of intent" to file a lien on your property, ask your general contractor to provide you with lien release documents from the supplier or subcontractor who has sent this notice.

The contractor is required to provide you with more information about lien release documents if you request it.



■ **If you have requested lien release documents, avoid making final payment until you have received a lien release from suppliers and subcontractors.**

## Local service center phone numbers:

Aberdeen.....	360-533-8200	Mt. Vernon.....	360-416-3000
Bellevue.....	425-990-1400	Port Angeles .....	360-417-2700
Bellingham .....	360-647-7300	Pullman .....	509-334-5296
Bremerton .....	360-415-4000	Seattle.....	206-515-2800
Colville.....	509-684-7417	Spokane.....	509-324-2600
East Wenatchee...	509-886-6500	Tacoma .....	253-596-3800
Everett.....	425-290-1300	Tukwila .....	206-835-1000
Kennewick.....	509-735-0100	Tumwater.....	360-902-5799
Longview .....	360-575-6900	Vancouver .....	360-896-2300
Moses Lake.....	509-764-6900	Yakima.....	509-454-3700

## More consumer resources

### Office of the Attorney General

Web site: [www.ATG.wa.gov/consumer](http://www.ATG.wa.gov/consumer)

Consumer Resource Center: 1-800-551-4636

### Better Business Bureau

Web site: [www.bbb.org](http://www.bbb.org)

Telephone: 206-431-2222 (western Washington);  
509-838-3841 (eastern Washington)

## Contractor information at L&I

 **On the Web:** [www.Contractors.Lni.wa.gov](http://www.Contractors.Lni.wa.gov)

**Call toll-free:** 1-800-647-0982

*Other formats for persons with disabilities are available on request. Call 1-800-647-0982. TDD users, call 360-902-5797. L&I is an equal opportunity employer.*

