What you need to know before you repair or remodel your house

If you are thinking about having your house repaired or remodeled, you need to make sure you hire someone who will do a good job. You need to make sure you pay a fair price for the work. The person you hire to do the work is called a **"contractor."** A contractor can be a person like a carpenter, plumber or electrician. A contractor can also be a company that has employees who do the work.

How do I know a contractor will do a good job for a fair price?

1. Only hire contractors who have a **license** from the Tennessee Home Improvement Commission. Ask the contractor to give you their license number. Call the Commission to be sure the license is up-to-date.

2. Ask the Commission if the contractor has paid the ***insurance bond.*** An insurance bond means the contractor's insurance company will pay you if the contractor goes out of business before finishing the work. The insurance will also pay you if the contractor does not do good work. The law says the bond has to be paid.

3. **Ask your friends,** neighbors, or insurance agents or adjustors for the names of contractors that will do a good job.

4. Ask the contractor who they have worked for. **Call people the contractor has worked for** and ask if the contractor did a good job.

5. Call the **Better Business Bureau** (242-4222) or the Tennessee Consumer Affairs Division (741-4737) to see if anyone has complained about the contractor.

6. Be sure and get at least **two *estimates*** before deciding which contractor to hire. An *estimate* is how much the contrctor says it will cost to do the job. It should be in writing. Some contractors want to charge you for the cost of materials plus their labor. This can turn out to be expensive. Always get a firm price **before** you sign a contract.

What if someone offers me a "great deal" -- but only if I hire him on the spot?

Tell him "No!"

A good contractor will write down all the information about the job and what he will charge. He will give you time to think about it and to get estimates from other contractors.

If he will not give you time to think or get other estimates, **do not hire him.**

Can I just tell the contractor what I want and shake hands on the deal?

No! Always make sure your agreement with a contractor is **in writing** and signed. This agreement is called a *contract*.

The contract should say:

- exactly what work will be done;
- what kind of materials will be used (for example, what kind of paint will be used);
- when the work will be finished;

- how much the work will cost;
- how you will pay for it (in payments or all at once); and
- how much interest (extra money) you will have to pay if you are making payments.

Read everything in the contract to make sure that it says only what you agreed to. Do not sign if you are not sure what something means. You and the contractor should both sign the contract. Be sure you **keep a copy** that shows you both signed it.

Do not sign a contract that has blank spaces on it. If there are blank places in the contract, put an "x" through them before you sign.

Only pay about 1/3 of the total price as a down payment. Do **not** pay for all the work until:

- the work is completely finished ;
- you have checked the work and are happy with it; and
- any problems are fixed.

Do not pay cash. Pay by check or money order, so you can prove you paid.

What if you need to make changes after the work begins?

You and the contractor must agree on any changes in the work or the price. Put these in writing. You and the contractor should both sign the paper showing the changes.

What if you need to borrow the money to pay for the work?

Sometimes a contractor will let you make payments to him instead of paying all at once. You will have to pay interest (extra money) when you make payments. Find out how much the interest will be.

It is better to save up money and pay all at once. But if you need to borrow the money, try to get a loan from your bank or another lender. Most of the time, they will charge you less interest than the contractor will charge.

No matter where you borrow money, they will probably take a mortgage on your house. If you do not pay the loan they will **foreclose** on your house. When they foreclose on your house, they make you move out. Then they sell your house and they keep the money. If you are threatened with foreclosure, you should see a lawyer right away.

What if I decide not to have the work done?

After you sign a contract, there are only **two** times when you can change your mind.

You can change your mind **IF** the contractor came to your home to ask if you wanted the work done and you signed the contract at your home. You can change your mind **IF** you got a loan for the work and the lender has a mortgage on your house.

In both cases, you should get a letter saying you have **3 days** to cancel the contract. It should give you an address to write to if you change your mind. **You have to write a letter saying you changed your mind. You do not have to have a reason to change your mind.**

The contractor should wait until the three days are over before starting the work. If there is an emergency and the work has to be done right away, you can give an okay in writing.

What should I do when the work is done?

When the contractor you have hired says he has done the work, be sure and check it. Do **not** pay

the rest of the money you owe him until you know the work is okay.

If you got a loan to pay for the work, do **not** sign anything saying the work is done until you know the work is finished and okay.

If you find problems, ask the contractor to fix them. If the contractor refuses to fix the problems, do **not** pay him the rest of the money for the work.

What if there are problems the contractor won't fix?

If the contractor does not finish the job, you will need to get help. You will also need to get help if you find problems after you have paid the contractor and he will not fix them. Here are some places you can call:

Your local Better Business Bureau

Tennessee Consumer Affairs Division --
(615) 741-4737 or toll free 1-800-342-8385

Tennessee Home Improvement Commission --
(615) 741-5630 or toll free 1-800-544-7693

If you need a lawyer to help you and you cannot afford one, you may want to call your local legal aid office.

NOTE: This pamphlet cannot take the place of legal advice. Each case is different and needs individual attention.

Legal Aid Society
of Middle Tennessee and the Cumberlands

1-800-238-1443
It's a free call.

Tennessee Legal Aid/
Legal Services Offices

Legal Aid Society
of Middle Tennessee and the Cumberlands
1-800-238-1443
Offices in Clarksville, Columbia, Cookeville, Gallatin, Murfreesboro, Nashville, Oak Ridge, and Tullahoma

West Tennessee Legal Services **Jackson Office** 1-800-372-8346
Dyersburg Office (731) 285-8181
Huntingdon Office (731) 986-8975
Selmer Office (731) 645-7961

Memphis Area Legal Services
Memphis Office 1-888-207-6386
Covington Office (901) 476 -1808

Legal Aid of East Tennessee
Knoxville Office (865) 637-0484
Johnson City Office 1-800-321-5561
Chattanooga Office 1-800-572-7457
Cleveland Office 1-800-445-3219