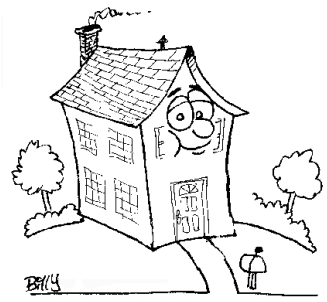
What you need to know before you repair or remodel your house



Are you thinking about having your house repaired or remodeled? Then 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 Board of Licensing Contractors. Ask the contractor to give you his license number. Call the Board to be sure the license is up-to-date. The phone is **1-800-544-7693**. It's a free call.

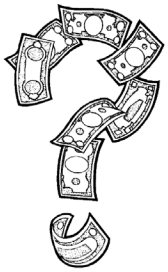
2. Ask the Board if the contractor has paid the **insurance bond.** The insurance will pay you if the contractor goes out of business before finishing the work. The insurance will also pay you if the contractor doesn't do good work. The law says the bond has to be paid.

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

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

5. **Make sure the contractor's name, address and phone number on the contract are real.** Don't use a contractor who only gives you a post office box or answering service.

6. Call the **Better Business Bureau** (242-4222) or the Tennessee Consumer Affairs Division (741-4737) to see if anyone has complained about the contractor. Also ask the Tennessee Board of Licensing Contractors if they know of any complaints (1-800-544-7693).



7. Be sure and get at least **2 estimates** before deciding which contractor to hire. An **estimate** is how much the contractor 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. He will write down what he will charge. He will give you time to think about it. He will give you time to get estimates from other contractors.

What if he won't give you time to think or get other estimates? Then **don't 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:

- The contractor's license number
- The contractor's street address and phone number
- 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. Don't 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.

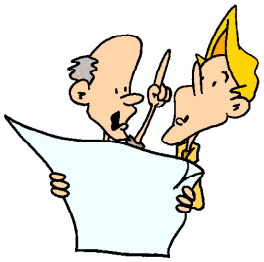
Do not sign a contract that has blank spaces on it. If there are blank places in the contract, put an "x" through them before you sign.

Only pay about 1/3 of the total price as a down payment. **Don't** 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

Don't 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 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. What if you need to borrow the money? Then 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 don't 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 **2** times when you can change your mind.

1. Did the contractor come to your home to ask if you wanted the work done? Did you sign the contract at your home? Then you can change your mind.

2. Did you get a loan for the work? Does the lender have a mortgage on your house? Then you can change your mind.

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 don't have to have a reason to change your mind.**

The contractor should wait until the three days are over before starting the work. What if there is an emergency? What if the work has to be done right away? Then you can give an OK in writing.

What should I do when the work is done?

Does the contractor say he finished the work? Check it and make sure it is OK. **Don't** pay the rest of the money you owe him until you are sure.

Did you get a loan to pay for the work? Then make sure the work is finished and OK. **Don't** sign anything saying the work is done until you are sure it is OK.

If you find problems, ask the contractor to fix them. What if the contractor refuses to fix the problems? Then **don't** pay him the rest of the money for the work.

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

If the contractor doesn't finish the job, you will need to get help. Did you find problems after you paid the contractor? Does he refuse to fix the problems? Then you will need to get help. Here are some places you can call:

Your local Better Business Bureau

Tennessee Consumer Affairs Division -- 1-800-342-8385 - It's a free call

Tennessee Contractors Licensing Board 1-800-544-7693 - It's a free call

What if you need a lawyer to help you but you can't afford one? Then you may want to call your local legal aid office.

Legal Aid Society

of Middle Tennessee and the Cumberlands

1-800-238-1443

It's a free call.

On the internet at **www.las.org**

United Way

Note: This pamphlet is not meant to take the place of legal advice. All cases are different and need individual attention.

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