



HOME BUILDERS ASSOCIATION OF GREATER NEW ORLEANS

Take the “CON” out of Residential Contracting

With every storm season, we’ve learned from the likes of Katrina, Rita, Gustav, Ike, and most recently Isaac, that not all contractors are created equal and that the misery one suffers from a natural disaster can be compounded by a bad experience with an unscrupulous contractor.

While no fraud prevention measure can ever be totally fail-safe, there are plenty of precautions that informed consumers can take when confronted with unscrupulous contractors.

- If you’re told that a contract for “this job” won’t be necessary, there’s a pretty strong presumption that you’ll never truly come to a meeting of the minds with the contractor regarding the entire scope, or term, of the work. Moreover, an unsavory contractor could even run off with your money without having done any work, or work that is grossly substandard. Use a clearly written, detailed contract; it’s your evidence that a deal between the parties was negotiated.
- Beware if you’re asked to pay for the entire job “up front” – or to pay cash to a salesperson instead of issuing a check or money order to a company. Although our emotions are often at peak levels during the search for a good contractor, don’t let your angst to repair or build your home override your good judgment.
- Don’t let anybody rush you into what will likely be one of the larger financial decisions that you will make in your lifetime. Before you decide to sign the contract, circle back at least one more time to make sure that the proposed deal passes the “sniff test.”
- Invariably, when you’re told that you’re the lucky customer who has been “chosen” for a demonstration project at a special, low price...” if you sign the contract today,” you’re likely to end up in a deal at a price that is neither special, nor low. Pressure sales tactics are perhaps befitting of other industries, but not usually residential contracting. If the deal seems too good to be true, it probably is.

Once you’ve navigated some of the initial land mines set by unscrupulous contractors, you are now in a position of strength to negotiate a fair, balanced residential construction contract when you interview your contractor. Finish your homework by confirming the following:

- The contractor has a verifiable fixed and permanent business address.
- The contractor has produced evidence of a valid Louisiana contractor’s license or a valid Louisiana home improvement registration.
- The contractor has produced evidence of valid general liability and workers’ compensation insurance policies. Make certain that the policies will still be effective during the course of the work performed under your contract.
- The contractor can produce references for past jobs completed. Take the time to contact and confirm those references.
- Ensure that your contract specifies payment schedules for stages of work completed and reasonable timelines for completion of the entire job. Use prudence when negotiating down payments. A normal down payment should range between 10 or 15% of the entire cost of the job, unless unique circumstances exist. Avoid paying cash up front!
- Check the Louisiana State Licensing Board for Contractors to research Louisiana-licensed contractors and for information on state contracting laws.