

Tips for Smart Consumers

Home Improvement

A Message from Vermont Attorney General Bill Sorrell

Home improvement problems are among the top ten complaint categories in Vermont and throughout the country. Because your home is probably your most valuable asset, it is particularly important that you protect that asset by making wise decisions when having work done on your home.

How to Avoid Home Improvement Rip-Offs

The best way to avoid becoming a victim is to avoid disreputable contractors. Some warning signals of less than reputable contractors are that they:

- Solicit door-to-door.
- Inform you that they were passing by and noticed a problem with your home.
- Offer you discounts for finding other customers or promise that the job will be a "demonstration."
- Just happen to have materials left over from a previous job and can give you a really good price.
- Only accept cash payments.
- Pressure you to make a decision on the spot.
- Ask you to pay for the entire job or a substantial portion of the job up front.
- Suggest that you borrow money from a lender the contractor knows.

Your Right to Cancel

Under Vermont's Home Solicitation Sales Act, a consumer who makes an agreement to buy goods or services at his or her home or workplace is allowed to cancel that agreement within three business days. The purpose of the law is to protect consumers from high pressure sales at their homes and to give them some time to reconsider their decision. If you are solicited for a home improvement job while at home or at work, or agree to have the work done while at home, you have three days to cancel the agreement. The contractor must tell you orally that you have three days to cancel, and the contract you sign must include forms stating that you have three days to cancel. If the contractor fails to tell you of this right, or if the contract does not contain the proper notice, your right to cancel extends until three days after both oral and proper written notice are given to you.

If the contract is not solicited or completed at your home, you still have three days to cancel and must be given oral and written notice of that right if your home is used as collateral for the financing of the contract—e.g., if the contractor or a lender takes a second mortgage on your home.

Selecting a Contractor

The fact that a contractor takes out a large display ad in the phone book or newspaper does not guarantee that he or she is reputable. The best way to find a reputable contractor is by word of mouth. Ask friends and neighbors who have had work done recently and were satisfied for the names of their contractors. You should then arrange an interview with each of the contractors you are considering. Here are some questions you should ask:

- *How long have you been in business?* There is nothing wrong with hiring someone who is new in the business. But your safest bet may be someone who has been in business for a long time and has not had complaints filed against him or her with the Attorney General's Consumer Assistance Program (see "Where to Go for Help" on the back page).
- *How many projects like mine have you completed in the last year?* Ask for a list of projects. This will help you determine whether the contractor has experience doing jobs like yours.
- *May I have a list of references?* You should ask for the names and addresses of at least three recent clients. You should then call all of them and ask them questions about the contractor's performance on their jobs. Some questions you might ask include: Were you satisfied with the job? Was it completed on time? Were there cost overruns? Did workers clean up after the job was completed? Would you hire the contractor again?

Put it in Writing

Vermont law does not require home improvement contracts to be in writing. However, it is in everyone's best interest if all of the terms of the agreement are written. Taking some time before the job starts may save a substantial amount of time, money and frustration at a later date if things don't work out as planned. Here are some things the contract should include:

- The contractor's name, address and phone number.
- The total price and the payment schedule for the contractor, subcontractors and suppliers.
- The estimated start and completion dates.
- The process for handling change orders. This is one of the most fertile areas for disputes, and should be spelled out in advance in as much detail as possible.

- A detailed list of all materials including color, model, size and brand name. Confusion about exactly what quality of product was included in the contractor's quoted price is another common source of disputes between homeowner and contractor.
- Warranties on material and workmanship. The contract should specify what warranties exist and their terms, and who is responsible for honoring them—i.e., is it the contractor, the supplier or the manufacturer of the product?
- Notice of your three day right to cancel, as described earlier.

Read Every Page Before You Sign

A common practice of fraudulent contractors is to hide important documents underneath the contract, tell you they are simply additional copies of the contract, and then have you sign them without reading them. These documents may include an agreement to give the contractor or a finance company a mortgage on your home. The consequence of signing such a document may be that if you are dissatisfied with the work and refuse to pay, the finance company could attempt to take your home from you. Never sign a document that you have not read and understood or that has blank spaces that can be filled in later.

A Note on Estimates

Unlike many states, Vermont does not have a law prohibiting a contractor from exceeding an estimate. In Vermont an estimate is just that—an estimate. If you want to make sure that the cost of your home improvement does not exceed a certain amount, write it into the contract that way.

Paying for the Job

Almost all of the complaints about home improvement filed with the Consumer Assistance Program in Vermont involve cases where the consumer has paid and the contractor has either not done the work or has not done the work properly. Where consumers have not yet paid, complaints are rare. Here are some tips on payment to help you minimize your chances of becoming a victim:

- Keep your down payment to the minimum possible. Large down payments are an invitation to trouble.
- If possible, make your payment upon completion of the work; or at least make payments as the equivalent portion of the work is completed. That way, if the contractor walks off the job, you haven't lost any money.
- Don't make final payment until you are completely satisfied with the work. If you are dealing with a disreputable contractor, the final payment is the only meaningful guarantee you have that he or she will complete the work.

Where to Go for Help

Consumer Assistance Program
Morrill Hall-UVM
Burlington, VT 05405
Phone: 80- 649-2424 (toll-free) or
802-656-1025 (Chittenden County)
Email: ConsumerComplaint@atg.state.vt.us

You can contact the Consumer Assistance Program (CAP) to find out if complaints have been filed against the contractor you are considering hiring. Keep in mind, however, that a lack of complaints doesn't necessarily mean that the contractor is reputable, particularly if he or she is new to the area. Also, some disreputable contractors may change business names to keep a clean record. You should also contact the CAP if you have a complaint against a contractor. The staff at the CAP will contact the business on your behalf in an attempt to resolve your complaint. In addition, your complaint will become part of the public record, so that consumers who inquire about this contractor will become aware of your complaint.