



Be aware and watch for these contractor scam warning signs:

- Door-to-Door Solicitations
- High Pressure Sales
- Scare Tactics
- Demands for Cash
- Unusually Large Down Payments
- Verbal Agreements
- Extremely Low Bids
- No Permanent Place of Business
- No Contract
- No Insurance
- Inadequate References
- Special Deals

If you have any questions before you hire a contractor, contact the North Carolina Licensing Board For General Contractors at 919-571-4183.

nclbgc.org

North Carolina Consumer Protection

1-877-5-NO-SCAM or 1-877-566-7226

ncdoj.gov/protecting-consumers/

Better Business Bureau

703-276-0100

bbb.org

North Carolina Department of Insurance Engineering and Codes - Building Code Enforcement

1-800-634-7854

ncosfm.gov/codes



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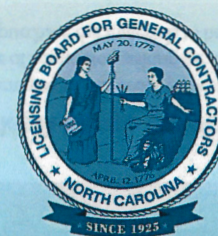


CONSUMER'S GUIDE TO



Hiring a Licensed Contractor

These 10 Important Tips can protect you from substantial financial loss and emotional stress.



Protect yourself before you build or remodel your home!

■ 10 TIPS FOR HIRING A CONTRACTOR ■



1. Plan Your Project

Plan out in detail what you want done and who you will need to complete it. No two projects are the same, and some may require a specially licensed contractor. Contact your local permitting office to see if permits are required to assure code compliance.

2. Get Several Estimates

When comparing estimates from different contractors, don't just compare the bottom line cost. Look at the cost, quantity and quality of materials in each estimate. Be sure the estimate includes the total price, the materials to be used, a time table for payments and the expected time line for completion of the work.

3. Verify The Contractor's License

Get proof that the contractor you may be working with is licensed. Contact the North Carolina Licensing Board for General Contractors to check the status of the contractor's license. Only work with contractors who are currently licensed. You can also verify whether your contractor is licensed by visiting the Board's website at nclbgc.org.

4. Check At Least 3 References

Ask your contractor for written references. Contact each reference and ask if they were satisfied with the contractor's work and if the contractor kept to the schedule and contract terms.

5. Require A Written Contract

The contract should be a detailed description of the work to be done, the material to be used and the equipment to be installed. Be sure there is a schedule of payments and a time line for when the work will be completed. Be sure you understand the contract before you sign it. Any changes that occur should be noted in writing. Make sure your contractor's license number is listed on all contracts and bids. Board Rule 21 NCAC 12A .0501 states that license numbers shall be included on all contracts and bids.

6. Don't Make A Large Down Payment

The down payment you pay in order for work to begin should be minimal. Beware of contractors asking for a large down payment so that they can purchase the materials to begin your project.

7. Make Payments As Work Is Completed

Set up a payment schedule that follows the work as it is being completed. Never pay for something that has not been completed. Do not pay for anything in cash.

8. Monitor The Job In Progress

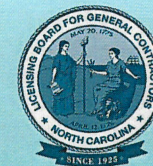
Check in regularly on the progress of the work. Any and all permits should be displayed by the contractor while the work is being done.

9. Don't Make The Final Payment Until The Job Is Complete

Before making the final payment make sure that you are satisfied with the completed work. Verify that any and all liens have been released.

10. Keep All Paperwork Related To Your Job

Be sure to keep a record of all documents that pertain to your project. This includes the contract, any written changes, all bills and invoices, receipts of payments and all correspondence with your contractor. You should also include photos of the job in progress.



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Things to know about contracts

What Exactly Is A Contract?

A contract is an agreement between two or more people.

Why Do I Need A Written Contract?

A written contract can save you from unnecessary financial loss and emotional stress. Your home improvement contract always should be in writing, legible, and easy to understand.

What Should A Written Contract Contain?

Your written contract should contain the details of every aspect of the project, including the scope of work and price. It should also contain any other necessary information to protect you should serious questions or a dispute arise between you and your contractor.

If you have any questions before you hire a contractor, contact the North Carolina Licensing Board For General Contractors at 919-571-4183.

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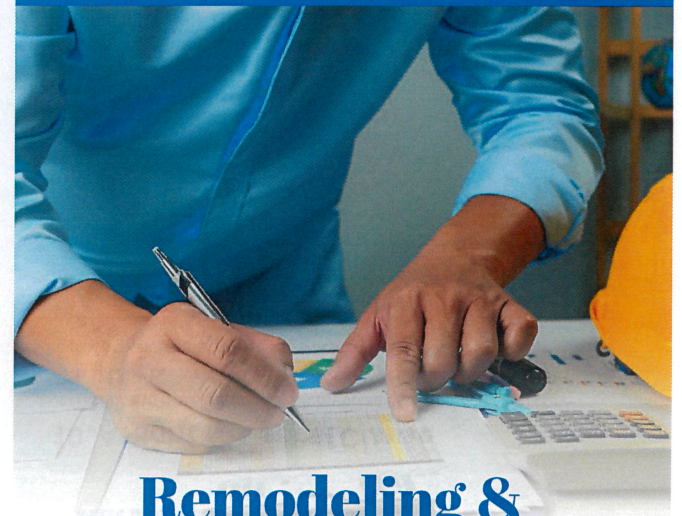
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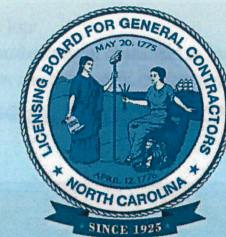


CONSUMER'S GUIDE TO



Remodeling & Home Improvement Contracts

What to know before signing a contract.



Protect yourself before you build
or remodel your home!

■ WHAT YOUR CONTRACT SHOULD CONTAIN ■

Homeowner's Checklist:

- ☐ Verify your contractor's license number.
- ☐ Find out from your local permitting and inspections department if your project needs a building permit.
- ☐ Request references
- ☐ Make sure you have current contact information (telephone number and business address) for the contractor, subcontractors, and suppliers.
- ☐ Ask if your contractor carries general liability insurance and workers compensation.
- ☐ Keep all of your project documents, including payments and photographs, in a job file.

1. Contractor's Complete Information

Your contract should include the contractor's full name, address, and phone number(s) on it. Your contractor is also required to list their license number on the contract.

2. A Detailed Description Of The Work To Be Done

Include specifics on materials such as color, quantity, size, model number, brand name, product and cost. Make sure any changes to the scope of work are obtained in writing.

3. The Total Contract Price

This is the exact dollar amount the contractor will be owed at the completion of all work listed in the contract. If the contract is valued at \$40,000 or higher, the contractor must be licensed by the North Carolina Licensing Board for General Contractors.

4. A Payment Schedule That Parallels The Amount Of Work Completed

This schedule includes a "retention" (a percentage of each payment towards the total job which you retain until the entire job is completed.) Be sure to include all payments made to subcontractors and suppliers as well. Avoid making large downpayment/deposits for the job.

5. Work Start And Completion Dates

Allow for any reasonable delays. This should also include a clause that allows for you to withhold payment if work slows down for no apparent reason.

6. A Statement Of Permit Responsibility

Clearly indicate that all required building permits and variances required by your city, state and county will be obtained by the contractor before any work begins. Ref: GS 160D-1110

7. Guarantee Of Liability Coverage

Obtain proof that the contractor carries liability insurance and has Worker's Compensation coverage; to protect you in case of accidents on the job.

8. A Statement Of Warranty On The Work

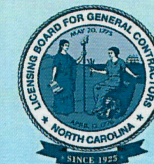
Be sure it indicates that the labor and materials are guaranteed and for how long. Include the names and addresses of the parties honoring the warranties.

9. A Statement Of Details

This should include what cleanup and removal of debris and materials will be done by the contractor and when. It should also provide instructions regarding pets, children or areas where materials may not be stored.

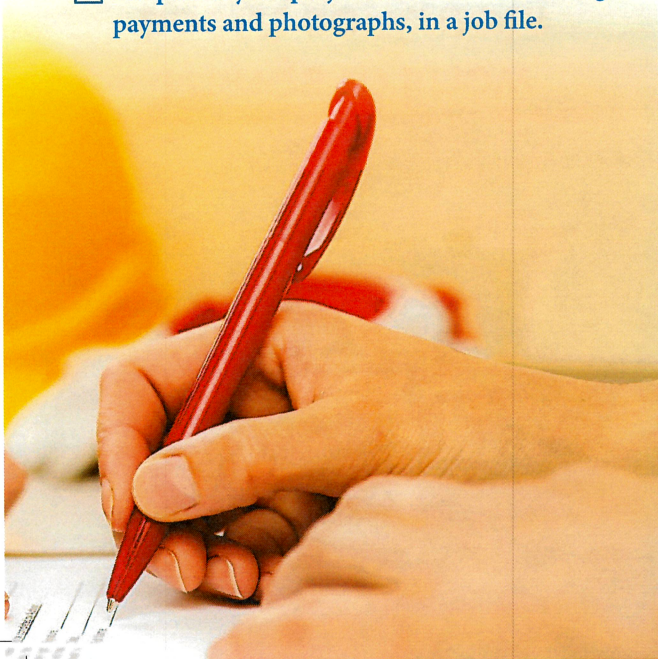
10. A Right To Cancel Clause

Detail the time frame in which you may cancel after the contract has been signed along with any penalties that you may incur when canceling after work has begun.



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Commonly asked questions

Where does the Recovery Fund money come from?

When a licensed general contractor files for and secures a building permit for the construction or alteration of a single-family dwelling unit, the local building inspection departments in North Carolina charge an additional fee of the applicant/contractor.

When will my claim be heard?

Since the facts surrounding each claim are different, it is difficult to state a general time frame for a claim's investigation, review and formal hearing. If the general contractor is still in bankruptcy when the claim is filed, the process is dependent on when the bankruptcy is terminated.

Do I need an attorney?

This decision is entirely up to the claimant. Some claimants choose to be represented or assisted by an attorney, but it is not necessary in order to file a claim. If the claimant is represented by an attorney, the Board staff will contact that attorney directly in matters concerning the claim. Attorney fees are not recoverable from the Recovery Fund.

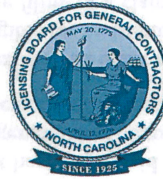
If you have any questions contact the North Carolina
Licensing Board For General Contractors
at 919-571-4183.

nclbnc.org



North Carolina's **Homeowners Recovery Fund** is designed to be a last resort for homeowners seeking to recover losses incurred as a result of the actions of dishonest or incompetent general contractors.

Claimants must have pursued every other avenue for recovery prior to seeking assistance from the HRF. When considering offers of settlement by or on behalf of the general contractor, claimants should understand that any recovery from their HRF claim is not guaranteed, including the total loss for which the claimant applied.

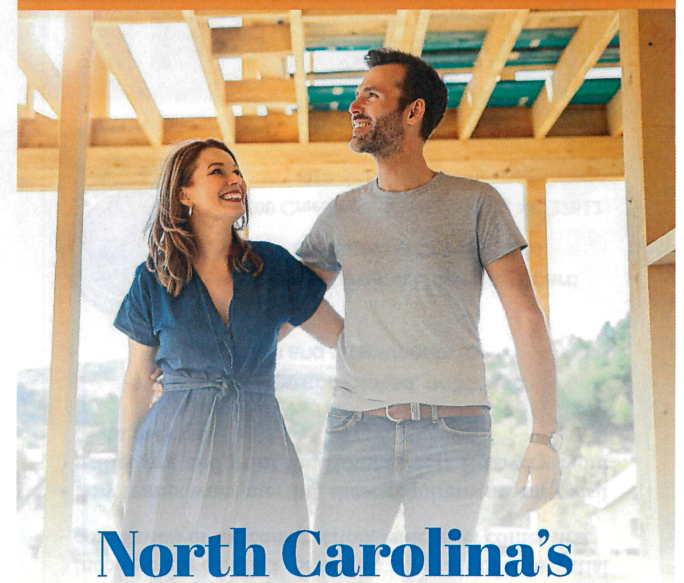


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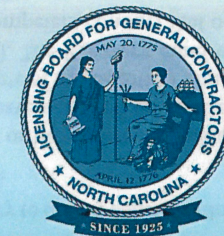
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CONSUMER'S GUIDE TO



North Carolina's Homeowners Recovery Fund



What to know if you have suffered loss at
the hands of a dishonest contractor.

After filing a claim...

After a claim has been received, the staff will open a file on the claim. The claim form, all attachments and materials will be copied and served on the general contractor alleged to be the cause of the reimbursable loss. The general contractor will have 30 days to respond to the allegations contained in the claim.

The staff will conduct an investigation to determine if the claimant has met the requirements for reimbursement set forth in the Homeowners Recovery Fund statutes and rules (§87-15.5 and 21 NCAC 12.0900). Once the investigation and assessment has been completed, staff presents the facts of the claim to the Review Committee where an initial or threshold decision will be made as to whether the claimant has successfully met the requirements for assistance from the Fund. If the Review Committee determines that the claimant meets the requirements, a formal hearing will be scheduled before the Board. The Review Committee will not consider a claim involving the bankruptcy of the general contractor until the bankruptcy proceeding is terminated and final.

At the hearing, the claimant will appear before a panel of Board members and present information concerning their claim. The purpose and focus of this hearing is to determine the actual loss the claimant has incurred as a result of the actions of the general contractor. Only the actual loss will be considered by the Board. Attorney fees, court costs, special damages, or consequential and punitive damages will not be considered for any award. Awards or payments from the Recovery Fund for an approved application shall not exceed an amount equal to 10 percent of the total amount in the Recovery Fund at the time the application is approved by the Board.

In presenting their case to the Board, claimants are to include specific information concerning an accounting of their actual loss. Board members and counsel may ask questions about the claim and the information provided. Following the presentation of the information, the Board makes a determination as to the amount of assistance, if any, it will award for the claim. The Board's decision is final and all awards are a matter of privilege and not of right.

nclbgc.org/recoveryfund

Who is eligible to file a claim?



- In order to be eligible for assistance from the Recovery Fund, claimants must be the owner or former owner of the single-family dwelling unit in question. The term "owner" or "former owner" includes the person who contracted with a general contractor for the construction or purchase of a single-family dwelling unit.
- Claimants must be able to prove to the Board that he/she has suffered a reimbursable loss which resulted from the dishonest or incompetent conduct of a licensed general contractor, or an unlicensed contractor who fraudulently represented himself or herself as being licensed. The loss must not have been paid in any amount by or on behalf of the general contractor, or be covered by a bond, surety agreement, or an insurance contract.
- Claimants must exhaust all other remedies for recovery prior to being eligible for assistance from the Recovery Fund. Prior to the filing of a claim, the claimant must have sued the general contractor in civil court and obtained a judgment that has not been paid by the general contractor and remains unsatisfied.
- If the contractor filed bankruptcy during construction or during the civil action, the claimant must exhaust all remedies in the bankruptcy proceeding. This includes filing of a Proof of Claim and/or following any proce-

dures necessary to obtain consideration in the bankruptcy proceeding.

- The dishonest or incompetent conduct of a general contractor must have occurred on or after October 1, 1991, the effective date of the Recovery Fund Statutes (Chapter 87, Article 1A). The Recovery Fund only applies to dishonest or incompetent conduct that occurred on or after the effective date.
- The application or claim must be made within one year of the conclusion of all civil proceedings, including appeals in connection with an unsatisfied judgment against the general contractor. Claims based upon the bankruptcy or dissolution of the general contractor shall be forever barred unless application is made to the Recovery Fund within three years from the date of discovery by the applicant of the facts constituting dishonest or incompetent conduct, or within six years of substantial completion of the construction, whichever comes first.
- Any homeowner meeting these requirements may visit nclbgc.org and print the Homeowners Recovery Fund claim package.

Please send the **completed, notarized** claim form and attachments to:



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