



BUTTE COUNTY DISTRICT ATTORNEY



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Be Careful of Unlicensed Contractors

As the recent fires are extinguished and the rebuilding phase begins, District Attorney Mike Ramsey warns property owners to be careful about whom they hire to perform repairs to or rebuild their property. After every community-wide disaster, unlicensed contractors arrive in the area and take advantage of unsuspecting homeowners desperate to find someone to perform emergency repairs or rebuild their property.

Under California law, a building contractor who performs construction and repair work on buildings for a specified price exceeding \$500 must be a licensed contractor licensed to do business in California. There are other requirements including putting the agreement in writing, limitations on how much of the price can be demanded in advance of the work, and that the contract price be paid in segments, with the balance of the full cost only due and payable after all of the work is completed.

Licensed contractors are required to carry workers compensation insurance for their employees and unlicensed contractors rarely if ever do. Doing business with an unlicensed contractor who does not carry workers compensation insurance on their employees can subject the homeowner to liability directly should any of the unlicensed contractors' employees be injured while working on the homeowner's property. Licensed contractors must also post a bond to assist customers with restitution should there be a dispute regarding the monies paid. Licensed contractors are required also, under state law, to display their contractor's license number in their advertising and other communications with their customers. If a homeowner is in doubt, ask to see the prospective contractor's license. Be sure to check and verify that the information provided is connected to the individual prospective contractor.

Ramsey also supplied "Ten Tips on Hiring a Contractor" for guidance in repairing the recent fire damage.

To report fraud, contact the Butte County District Attorney fraud hotline at **1-866-DA FRAUD** (1-866-323-7283) or the DA web site at: www.buttecounty.net/da

Ten Tips on Hiring a Contractor

Unfortunately, after every disaster there are a few individuals who seek to take advantage of homeowners who have been victimized by the disaster. With the recent fires in Butte County, there will inevitably be those individuals who will attempt to con homeowners. The District Attorney's Office offers the following advice for your consideration when you commence the challenge of repairing or rebuilding your home.

1. Hire a licensed Contractor.
2. Be wary of a contractor who initiates contact with you ("cold call").
3. Contact your insurance agency to determine if it has any information or places any conditions on your potential contractor.
4. Contact at least three references, and personally inspect a contractor's past work.
5. Insist on written contact, and make sure you understand all of its terms before signing.
6. State law provides that a down payment on a home improvement contract cannot exceed 10 percent of the contractor's price or \$1,000, whichever is less.
7. Never make cash payments, pay by check or other form which provides evidence of your payment.
8. Do not make your final payment under the terms of your contract until you are satisfied with the work AND the building department has signed a notice of completion.
9. Maintain all of your paperwork throughout your contact.
10. IF YOU BELIEVE THERE IS AN UNSCRUPULOUS CONTRACTOR IN YOUR NEIGHBORHOOD, PLEASE CONTACT THE DISTRICT ATTORNEY'S OFFICE IMMEDIATELY.