

The California Contractors State Licensing Board

Excerpt from: ***What You Should Know Before You Hire a Contractor***
<http://www.cslb.ca.gov/consumers/beforehiring.html>

Some Things to Consider (Do's and Don'ts)

Do:

- Plan your project carefully.
- Shop around before hiring a contractor.
- Get at least three written bids on your project.
- When requesting bids, provide all contractors with accurate plans or drawings that will enable them to determine the scope and cost of work.
- Check with the Contractors State License Board to make sure the contractor is properly licensed, and to check the status and disciplinary history of the license.
- Check out contractors with your local building department, trade associations or unions, consumer protection agency, and the Better Business Bureau.
- Look at work the contractor has completed.
- Ask your contractor to furnish a completion or contract bond.
- Consult with more than one lending institution regarding the type of loan to obtain.
- Ask your lender to recommend a funding-control company.
- Make sure your contract provides for a "retention," a percentage of each payment or of the total job, ordinarily 10 percent, which you retain until the job is completed.
- Make sure everything you and your contractor have agreed to is included in your contract, and don't sign anything until you understand and agree with all terms.
- Ask your contractor about inconveniences that may occur, and plan accordingly.
- Keep a job file.
- Make sure you receive unconditional lien releases from subcontractors and material suppliers.
- Make frequent inspections of the work, including a final walk-through.
- Consult an attorney if a mechanics' lien is filed against your property.
- If problems or disagreements occur, try first to negotiate with the contractor.

DO NOT:

- Do not** hire an unlicensed contractor.
- Do not** hire a contractor without first shopping around.
- Do not** act as an owner/builder, unless you are very experienced in construction.
- Do not** sign anything until you completely understand it and agree to the terms.
- Do not** make agreements with subcontractors or workers without consulting the prime contractor.
- Do not** pay cash without a proper receipt.
- Do not** make a down payment that exceeds the legal limit (10% or \$1,000, or 2% or \$200 for swimming pools, whichever is less).
- Do not** let your payments get ahead of the contractor's completed work.
- Do not** hesitate to ask questions of the contractor.
- Do not** make final payment until you are satisfied with the job.

Be Sure Your Contract Includes:

- The contractor's name, address, and license number and the name and registration number of any salesperson who solicited or negotiated the contract.
- The approximate dates (not number of working days) when the work will begin and be substantially completed.
- A description of the work to be done, a description of the materials and equipment to be used or installed, and the price for the work.
- A schedule of payments showing the amount of each payment in dollars and cents.
- If the payment schedule contained in the contract provides for a down payment, it shall not exceed \$1,000 or 10 percent of the contract price (excluding finance charges), whichever is less (swimming pools: two percent or \$200, whichever is less). If the contract provides for the contractor to furnish performance and payment bonds, lien and completion bonds, a bond equivalent, or funding control, this limitation of down payment does not apply.
- A Notice to Owner regarding the state's lien laws, and the rights and responsibilities of an owner of property.
- A description of what constitutes substantial commencement of work.
- A notice that the failure of the contractor, without lawful excuse, to substantially commence work within 20 days from the approximate date specified in the contract when work is to begin, is a violation of the Contractors License Law.