



Regulated Industries Complaints Office

235 S. Beretania Street, Ninth Floor

Honolulu, Hawaii 96813

cca.hawaii.gov/rico

HIRE A LICENSED CONTRACTOR BECAUSE...

There are lots of good reasons why a consumer should consider hiring a licensed contractor, including:

► **Training and experience.** In order to qualify for a contractor's license, applicants must demonstrate they have the necessary training and experience to get a contractor's license. The Contractors License Board also requires applicants demonstrate "a good reputation for honesty, truthfulness, financial integrity and fair dealing," submit tax clearances, proof of insurance, and other required qualifications.



► **Insurance.** Insurance is important because a lot can happen on a construction project - accidents, falling objects - not to mention fire, vandalism, malicious mischief, and theft of building items. Licensed contractors are required to carry liability insurance and are responsible if a worker is injured on a jobsite. This protects you as a homeowner from putting your property at risk if anything is damaged on your project or if anyone is injured.

► **Obtain required permits.** Licensed contractors are able to apply for and obtain building permits. If an unlicensed contractor is asking you to apply for an owner-builder permit, it may be because they can't get a building permit for you. For information about building, electrical, and plumbing permits, contact the planning and permitting department for your county.

► **Contractors Recovery Fund.** The Contractors Recovery Fund helps to compensate homeowners if something goes wrong with their project. The Contractor's Recovery Fund is only available to consumers who have hired a licensed general contractor. *(For information about the Contractor's Recovery Fund, or if you have questions about what kind of a contractor you may want to hire, call the Contractor's License Board at [808] 586-2700.)*

What kind of a contractor do I need? There are three types of contractors: (1) General Engineering (or Type "A") contractors have specialized engineering knowledge and skill. If your project has drainage or flood control issues, you may need to consult a general engineering contractor; (2) General Building (or Type "B") contractors build structures, like houses and buildings; (3) Specialty (or Type "C") contractors are licensed in specialty areas like drywall, landscaping, flooring, or roofing.

The right license for the job. It's important to hire the right kind of contractor for your particular job. If you're just putting on a new roof, a specialty roofing contractor may be for you. But if your job includes more than two specialties, (for example, an extension requiring framing, flooring, drywall, *and* roofing), you should consider hiring a general contractor. A general contractor will be licensed to do most of the work and will hire licensed subcontractors to take care of any specialty work for which he/she isn't licensed to do .

"Electrical contractors" and "electricians" are two different things. "Licensed electrical contractors" are people or companies that employ electricians. "Licensed electricians" are individual tradesmen with the training and experience to do the actual work. So, you may hire a licensed electrical contractor to rewire your house, but you should see licensed electricians doing the work. The same goes for plumbers and plumbing contractors. Electrical and plumbing contractors are licensed by the Contractors License Board. Electricians and plumbers are licensed by Hawaii's Board of Electricians and Plumbers. *Only licensed persons or companies can apply for electrical or plumbing permits.*

If my project is only for minor repairs, can I hire a handyman or handyperson? If the total cost of your project, including labor and materials is not more than \$1,000.00, and does not require a building permit, you can hire a handyman. "Handymen" usually perform minor repairs and projects that are typically described as "odd jobs" or "fix-up tasks." Without a contractor's license, handymen who do projects that are (1) over \$1,000.00, or (2) require a building, electrical, or plumbing permit, are engaged in unlicensed contracting. The penalties for unlicensed activity include fines, imprisonment, and injunctive relief. Regardless of the cost of your project, you may still want to consider hiring a licensed person.

How do I know a contractor is licensed?

The Department of Commerce and Consumer Affairs (DCCA) and its Regulated Industries Complaints Office (RICO) offer tools, tips, and services you can use to check out an individual or business, including:

- **Professional and Vocational license search:** Search for information about licensed contractors, electricians, and plumbers, including license status, license classifications, and proof of insurance.
- **RICO complaint history search:** Search for information about complaints filed against licensees and for information about unlicensed contracting investigations.

Checking out a licensee or business on these sites isn't a guarantee, but it's a good step to take that can help you to determine if the licensee or business is qualified to handle your particular job. It's also one of several steps you can take to protect yourself against unscrupulous or unqualified people. Go to: cca.hawaii.gov/rico/business_online.

Unlicensed Contracting and RICO

Each year, RICO receives hundreds of tips and complaints about unlicensed contractors. The complaints range from construction that has been poorly done, to money being taken and no work being done at all.

Unlicensed contractors may go door-to-door claiming they "just finished a job down the street," or "have materials left over from another job." They may try to pressure you, offering a discounted price, but only if you act today. Remember, a great deal today, will probably be just as good a deal tomorrow, so take the time you need to consider the situation carefully.

Unlicensed contractors may even use a fake license number or a license number that belongs to someone else. So remember to check license information with our office. You may also want to ask to see a picture I.D. so you know exactly who you're dealing with.

And, most importantly, remember... *never pay all of the money up front.* Unlicensed contractors may ask for cash payments, substantial down payments, or for all of the money to be paid in advance. After they get the money, they may move a little dirt or, worse, demolish a wall or driveway, and not come back the next day.

Your home is the single biggest investment you'll probably ever make, so take your time, do your homework, and consider hiring a licensed contractor.

Unlicensed contracting and violations of Hawaii's licensing laws are investigated by RICO. To check licensing status or for information about hiring a licensed professional, call the Consumer Resource Center (CRC) at 587-4272 or visit the State's website at: cca.hawaii.gov/rico.

RESOURCES

The DCCA and RICO offers tools, tips, and services you can use to check out an individual or business. Information is available by calling **(808) 587-4272** or online at cca.hawaii.gov/business_online. For information about filing a complaint or to report unlicensed activity, call RICO's CRC at **(808) 587-4272** or visit us online at cca.hawaii.gov/rico. To call Oahu-RICO, dial the following toll free numbers: Kauai 274-3141, ext. 74272; Maui 984-2400, ext. 74272; Big Island 974-4000, ext. 74272; Molokai and Lanai 1-800-468-4644, ext. 74272, followed by the # sign.

RICO is the enforcement arm for over 45 professional boards, commissions, and programs that are administratively attached to the DCCA. RICO receives complaints, conducts investigations, and prosecutes licensing law violations. RICO also prosecutes unlicensed activity through the issuance of citations and by filing civil lawsuits in the Circuit Courts. RICO works to resolve consumer complaints where appropriate and provides consumer education about various issues relating to licensing and consumer protection. RICO also administers the State Certified Arbitration Program (SCAP) for "lemon" motor vehicle claims.

This brochure is for informational purposes only and not intended for the purposes of providing legal advice. Information provided is subject to change. This material is available in alternate formats including large print. Submit requests to the RICO Complaints and Enforcement Officer at 586-2666.