



Regulated Industries Complaints Office

235 S. Beretania Street, Ninth Floor

Honolulu, Hawaii 96813

cca.hawaii.gov/rico



Top 10 Tips for Construction Projects

Thinking about remodeling your house or wondering who you should hire to paint? The Department of Commerce and Consumer Affairs (DCCA) and its Regulated Industries Complaints Office (RICO), offer the following tips to consider *before* you sign on the dotted line.

1. **Hire a licensed contractor.** Check licensure and prior complaints history by calling 587-4272 or on the Internet at cca.hawaii.gov/rico/business_online/. Confirm the contractor is licensed, bonded and has the necessary insurance coverage to operate.
2. **Know how much you can spend.** Fix your budget in advance and keep some in reserve to pay for changes or unanticipated costs.
3. **Shop around.** Get at least 3 bids or estimates. Make sure the bids are based on the same work and the same materials. If bid amounts vary significantly, ask why.
4. **Ask for references.** Call trade organizations or ask friends or relatives for referrals. Ask to see other projects the contractor has completed and to meet other clients.
5. **Insist on a written contract.** Among other things, a written contract should include the contractor's license number, total cost, start and stop date, the work to be performed, and the materials to be used. Get any promises, guarantees or warranties in writing!
6. **Make sure your project is in compliance with city and county codes.** If building, electrical, or plumbing permits are required, ask the contractor who will be responsible for the permitting process. Know the risks and responsibilities of being an "owner-builder."
7. **Monitor the job and keep good records.** Keep a file with the contract, cancelled checks, and correspondence. Make sure any change orders are in writing.
8. **Pay as you go.** Set a payment schedule that follows the amount of work completed and avoid paying all of the money up front.
9. **Know who your subcontractors are and avoid liens.** Request partial lien releases for partial payments made and a final lien release for final payments made. Make sure a notice of completion is published in a newspaper.
10. **Do a thorough "walk-through" and take care of any "punch list" items immediately.**

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 less than \$1,000, and doesn't 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, or (2) require a building, electrical, or plumbing permit, are engaged in unlicensed contracting. And remember, the so called "handyman exemption" *does not apply to electrical or plumbing work!*

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.)*

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.*

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. Printed material can be made available for individuals with special needs in Braille, large print or audio tape. Submit requests to the RICO Complaints and Enforcement Officer at 586-2666.