



Regulated Industries Complaints Office

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cca.hawaii.gov/rico

TOP 10 TIPS FOR CONSTRUCTION PROJECTS

In the planning of work, during the progress of work, and after the completion of work on your home – from the smallest paint job to a major remodeling or the installation of a pool – make sure that you:

1. **Hire a licensed contractor.** Check licensure and prior complaints history by calling 587-4272 or online at cca.hawaii.gov/businesscheck. 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. Don't forget blueprints, plans, and specifications.
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. Get receipts for any payments made.
9. **Know who your subcontractors are and avoid liens.** Get lien releases from subcontractors and material suppliers after the work is completed and upon their receipt of payment. Get partial lien releases for partial payments made and a final lien release for final payments made. Publish a notice of completion in the newspaper once the job is done.
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 \$1,500, 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 \$1,500 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!*

Other helpful hints:

- ✓ Consider purchasing performance, material and completion bonds through the contractor.
- ✓ Notify your homeowner's insurance company of the planned construction and remember, plans may need to be approved.
- ✓ Make sure you see and understand all plans/blueprints before approving them.
- ✓ Check that the materials used are the materials specified in the contract.
- ✓ Periodically check on the progress of the work and/or keep a construction journal.
- ✓ Put any changes to the scope of the work or the materials used in writing.
- ✓ If there are problems with the construction, notify the contractor in writing and provide the contractor an opportunity to fix the problems.

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.)*

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." 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. 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. 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.