



HOME REPAIR & IMPROVEMENT SCAMS

SCAM WARNING SIGNS

- High-pressure sales tactics
- Urgency; immediate decision required; limited-time offer
- Cash only payments
- Knock on your door
- Contractor has extra materials offers a good deal
- Work must start *now*
- You are asked to pay in advance
- Contractor leaves job to “get more help” or “additional materials”
- A small job is offered at a good deal then the pitch progresses to more substantial work
- Contractor shows up after a natural disaster (look for out of state license plates)
- Contractor brags he is FEMA-approved (FEMA does not approve contractors)
- A problem is discovered upon a “free inspection”
- Unsolicited contractor asks for access to inside your house to check a problem
- Contractor asks you to pull any required permits

AVOID & REPORT SCAMMERS

- Deal with local businesses;
- Check credentials;
- Don't allow solicitors inside your home;
- Don't pay in advance or with cash;
- Write down names and description of transient work crew;
- Write down vehicle descriptions and license plate numbers;
- Contact your local law enforcement agency; and
- Tell your neighbors and family about the incident.



HOME IMPROVEMENT LOAN SCAM

- Keep an eye out for contractors who pitch repairs that exceed your budget, only to turn around and offer you a loan through a lender they know.
- Be cautious if you're rushed to sign numerous papers without being able to read the documents.
- Never sign any documents that leave blank spaces.
- Check with your bank or credit union about other loan options (i.e. home equity loan).



Best Practices When Hiring a Contractor:

- Search for contractors
- Interview contractors
- Get everything in writing
- Pay over the duration of the contract

FINDING A CONTRACTOR

1. **Residential Builder** - manages all aspects of a project.
2. **Maintenance and Alterations Contractor** – licensed to perform a specific trade only, like carpentry, concrete, roofing, etc.
3. **Mechanical, Plumbing, and Electrical Contractor** – the only contractors licensed to practice these trades.

Will your project cost more than \$600?

The general rule in Michigan is that if your home project will cost more than \$600, then the contractor must have a license from the MI Department of Licensing and Regulatory Affairs (LARA).

VERIFY A LICENSE WITH LARA

[Verify a Residential Builder or Maintenance & Alterations Contractor's License.](#)

517-241-9316

[Verify a Mechanical, Plumbing, or Electrical Contractor's License.](#)

517-241-9316

ASK QUESTIONS

1. What is your license number?
2. How long have you been in business?
3. How many projects like mine have you completed in the last year?
4. Does the work require a permit?
5. Will you use subcontractors?
6. Do you carry liability insurance?
7. Can you provide a written estimate and references?
8. Will the project cost more than \$600? If so, it will require a license.



CONTRACT



1. Get guarantees in writing.
2. Include the contractor's address, phone number, and license number.
3. List start and completion dates.
4. Include a breakdown of costs and payment due dates.
5. List materials to be used, including brand, model, size, color, and patterns.
6. Review contract cancellation terms.
7. Determine who is responsible for permits and clean-up.

COMPLAINTS

Complaints Against Licensed Contractors

You can file a complaint against a licensed contractor by phone: 517-241-9309, [or by email](mailto:lara-bcc-compliance@michigan.gov) (lara-bcc-compliance@michigan.gov)

[Complaints Against Unlicensed Contractors](#)

Michigan Attorney General
Consumer Protection Division
P.O. Box 30213
Lansing, MI 48909
877-765-8388
[Online complaint form](http://mi.gov/agcomplaints)
(mi.gov/agcomplaints)

Report FEMA Fraud

Call 800-621-3362 (TTY 800-462-7585)
If you suspect fraud related FEMA or your disaster assistance application.

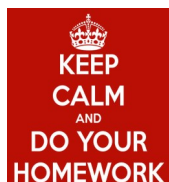
PAYMENT TERMS

- Deposits should not be more than 1/3 of the total project cost.
- Schedule payments as work progresses.
- Do not make payments in cash.
- Make your final payment when the job is finished to your satisfaction and you have proof that all subcontractors and supplies have been paid.



RESOLVING DISPUTES / GETTING HELP

- Try to resolve the dispute directly with the contractor before making the final payment.
- Contact the local building inspector for assistance in resolving workmanship and code violations.
- If the contractor is not licensed and is required to be, contact your local law enforcement.
- File a written complaint with the appropriate agency (LARA or the Michigan Department of Attorney General - Consumer Protection Division).
- [File a complaint with the Better Business Bureau](#) (BBB). 616-774-8236 or 248-223-9400
- Call the Homeowners Help Hotline 888-995-4673 to ask for assistance in working with your lender.



Time invested in doing your homework **before** a home repair project is a valuable investment for you and your family.

An electronic copy of this handout is available on our website (mi.gov/ce).

For questions, contact the [Attorney General's Consumer Protection team](#) at 877-765-8388.

