

# What to Know When Hiring a Home Improvement Contractor



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## We've all been there or know someone who has.

A much anticipated home renovation project quickly becomes a nightmare as the quality of work disappoints and the actual bills far exceed the original cost estimate. Frustrating at best, these situations are particularly heart wrenching for homeowners trying to repair their property in the wake of Hurricane Sandy. Unfortunately, most homeowners do not realize that under New Jersey law, they are afforded some protection and recourse. The following are some simple steps to help ensure home improvement projects run smoothly and educate you about your options if they do not.

### 1) Look for a license number and check with the Division of Consumer Affairs to ensure the license is active and in good standing.

Under the Contractors' Registration Act, all home improvement contractors are required to register with the Division of Consumer Affairs to obtain a valid license. All contractors must then "prominently display" their registration numbers at their places of business, in all advertisements, on any business documents, contracts or correspondence, and on all of their commercial vehicles. When hiring a contractor, if their registration number is not easy to locate and readily displayed, keep looking! To obtain a valid license from the state, each contractor must submit proof of a minimum of \$500,000 in general liability insurance. Thus, by checking that a potential contractor is properly registered, you are also ensuring that he carries the requisite insurance. You can check the validity of a contractor's license by either calling the Division of Consumer Affairs or visiting their website.

### 2) Perform Due Diligence

Know who you're hiring. While checking for a valid license is a good first step, it doesn't ensure that a contractor's work will be done well or in a timely, cost-effective manner. Help avoid problems like poor quality of work and frequent delays by doing your research before hiring. Ask to see a portfolio of the contractor's prior work. Contact references and anyone you know who has worked with the contractor, so that they may share their insight about the experience. Reach out to material suppliers and tradesmen who have worked with the contractor. Do they hold him in high esteem? Glean what you can about the contractor's reputation. Are others' experiences with the contractor positive? If not, or if there is any uncertainty, continue your search.

### 3) Get It In Writing

The Consumer Fraud Act requires that all home improvement contracts for a price greater than \$500 be in writing. Specifically, there must be a written contract, signed by all parties. The contract should contain all terms and conditions and at a minimum, must include the name, business address, and registration number of the contractor; a copy of the contractor's certificate of general liability insurance and the total price to be paid by the home owner. The contract should also contain a description of the work to be done, the time frame for the start and completion of the work, a description of any mortgage or security interest to be taken if financing is involved and a statement of any guarantee or warranty with respect to any products, materials, labor or services provided by the contractor. Any changes to the contract that may arise as the work progresses should also be in writing. Insist on a written contract! Any reputable contractor will happily provide one. Writing everything down may seem like a hassle, but

in the end, it will protect both the homeowner and the contractor if any disputes arise down the road.

### 4) I've already hired a contract and the job's gone horribly awry. Now what?

In addition to Consumer Fraud Act violations, the New Jersey Administrative Code governs Home Improvement Practices and prohibits several unlawful practices. Contractors may not falsely advertise or misrepresent their products and services. Absent exigent circumstances, they are required to begin and/or complete work within the time frame specified in the contract. If work is delayed for a legitimate reason, contractors are required to provide timely, written notice to the homeowner of the reason for the delay. Final payment by the homeowner is not required until the project is completed in accordance with the contract terms. The contractor may not request final payment until such a time. If any of the requirements for a written contract are not met, the contractor

has potentially committed a Consumer Fraud Act violation. In the event that a homeowner has suffered ascertainable damages as a result of the contractor's violation of the Act, the homeowner may be entitled to treble (threefold) damages, as well as attorneys' fees and costs.

While litigation is never a sought-after outcome, the Consumer Fraud Act does provide legal remedies for the unfortunate homeowners who find themselves on the wrong side of a home improvement project. Hopefully, armed with the right knowledge, such problems can be avoided.

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