



Hiring a Contractor or Remodeler:

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What you should know

Are you planning to hire someone to work on your home or property? Do your homework.



Shop smart

While the law provides some protection from fraudulent or incompetent contractors, it doesn't guarantee honest transactions or perfect performance. Informed, cautious consumers can better protect their financial investment.

Generally, work that "adds to or subtracts from real estate" requires a registered contractor. Businesses that provide services such as gutter cleaning, pruning, lawn care or window washing do not need to be registered.

What does the law require?

In Washington, all contractors who perform work, advertise or submit bids or proposals in this state must be registered with the Department of Labor and Industries, post a bond and carry general liability insurance coverage.

- A general contractor must maintain a \$12,000 bond. A specialty contractor, such as a painter, must maintain a \$6,000 bond. Dissatisfied consumers may pursue restitution with civil action in Superior Court against a contractor's bond.
- All registered contractors must carry general liability insurance coverage (\$50,000 property damage and \$200,000 public liability or \$250,000 combined single limit).
- Contractors are also required to have a current business license. If the contractor has employees, he or she must have industrial insurance.
- A contractor is required to provide a disclosure statement ("Notice to Customer") to the consumer/property owner for a residential project with a projected cost of \$1,000 or more, and a commercial project of \$1,000 to \$60,000.



Except for the licensing of electricians and certification of plumbers, there isn't a competency test to become a contractor in Washington State.

I have read and been provided with a copy of this Contractor Registration Information, and acknowledge that I will be acting as Owner/Contractor.

Owner/Agent Signature

Date



Get answers

Visit L&I's Construction Compliance web site at www.Contractors.LNI.wa.gov, contact your local L&I office or call the toll-free contractor registration hotline (1-800-647-0982) to learn:

- If a contractor is currently registered.
- How long the contractor has been registered.
- If action against the contractor's bond is pending or has been taken in the past.
- Other business names under which a contractor may have operated.
- Whether a contractor has industrial insurance coverage for his or her employees.

Before you hire a contractor or remodeler:

1. Plan your project carefully. If you know what you want done and can clearly explain it, you're less likely to misunderstand instructions or encounter cost overruns.
2. Interview several qualified registered contractors and solicit written bids.
3. Verify potential contractors' registration online at: www.Contractors.LNI.wa.gov, by phone at 1-800-647-0982 or by contacting your local L&I office.
4. Ask for references and then check them out. If possible, view the work, interview the homeowner and visit a site with work in progress.

Look for the contractor registration number in advertisements for contractors. The law requires this number to be included in all advertisements, including business cards and the Yellow Pages.

5. Ask for references of suppliers that the contractor works with and check out his or her payment record.
6. Evaluate all the aspects of the bids, including the scope of work, warranties, references, time frames and price.
7. Request the contractor post a performance bond for the entire cost of the project if it is more than \$6,000.
8. Try to anticipate problems and inconveniences, such as cost overruns or cleanup, and come to agreement with your contractor on how they will be handled before he or she begins work.



Smart consumers ask questions and track progress



Once you have chosen a contractor or remodeler:

1. Obtain a written contract that includes price, payment terms, sales tax, permit fees (if applicable), the specific work to be performed, materials to be used, warranties and payment schedules. It is also a good idea to include change-order processes, final review and sign-off procedures and cleanup.
2. Ask for a disclosure statement prior to work starting. Sample disclosure statements are available on the L&I web site and at local L&I offices.
3. Make frequent inspections and consult your local building department about required permits. Make sure that all permits are in place and that inspections are in order.
4. When advancing money for materials, it may be possible to make checks payable to both the contractor and the supply house.
5. Put all change orders in writing and ask questions as work progresses. Avoid verbal contracts, and be very cautious about paying for incomplete work.



Be wary of contractors who:

- Provide credentials or references that can't be verified.
- Offer a special price only if you sign today, or use other high-pressure sales techniques.
- Only accept cash, require large deposits or the entire costs up front, or ask you to make the payment in their name.
- Do not provide a written contract or complete bid.
- Ask you to pick up the building permit. In most instances, the contractor is required to take out the permits. Permits are your protection and help ensure that work will meet local building codes.
- Offer exceptionally long warranties.
- Want to do most or all the work on weekends and after-hours.
- Give you an offer that sounds "too good to be true."



To report fraudulent
contractors call
1-888-811-5974
or go to
www.Fraud.LNI.wa.gov

Protect yourself with permits

Manufactured/Mobile Home Permits - L&I has statewide responsibility for approving plans and inspecting both new and altered manufactured/mobile homes and recreational vehicles for safety. For more information go to www.FAS.LNI.wa.gov.

Building Permits - Contact your local county or city building department.

Electrical Permits - L&I performs most inspections throughout the state, but some cities do their own electrical inspections. For more information, go to www.ElecPermit.LNI.wa.gov.



Avoid lien problems

Ask for the disclosure statement that advises consumers about lien releases.

If any supplier of materials, worker or subcontractor is not paid, a lien may be filed against your property to force you to pay. You could pay twice for the same work. Or worse, an unpaid lien could lead to foreclosure on your home. (For remodeling projects, liens can only be filed for the amount left unpaid to the general contractor.)

If you have requested lien release documents, avoid making final payment until you have received a lien release from suppliers and contractors.

If you receive a “notice of intent” to file a lien on your property, ask your general contractor to provide you with lien release documents from the supplier or subcontractor who has sent this notice.

The contractor is required to provide you with more information about lien release documents if you request it.

Contractor Information at L&I

Toll-free:
1-800-647-0982

Web site:
www.Contractors.LNI.wa.gov

There are a number of risks associated with using an unregistered contractor. First, a property owner that uses an unlicensed contractor will not be protected by the contractor’s bond required by RCD 18.27.040. The \$12,000 general contractor and the \$6,000 specialty contractor bonds are designed to: (1) pay persons performing labor for the contractor, including employee benefits; (2) pay all taxes and contributions due to the State of Washington; (3) pay all persons furnishing labor or material or renting or supplying equipment to the contractor; and (4) pay all amounts that may be adjudged against the contractor by reason of breach of contract including negligent or improper work in the conduct of the contracting business. Second, use of an unregistered contractor may delay the property owner’s construction project due to necessary enforcement actions taken by the Department of Labor and Industries or the City of Kirkland. There may also be other risks associated with use of unregistered contractors. For additional contractor licensing information, please contact the State of Washington Department of Labor and Industries at 1-800-647-0982 or visit their web site at : <http://www.lni.wa.gov/TradesLicensing/Contractors/HireCon/default.asp?WT.svl=QL>