

Contractor requirements

A contractor must inform you, before you enter into a home improvement contract, of all required building or construction permits. To get a building permit for one or two-family homes built after 1980 (in many municipalities, homes of any age), contractors must be registered with the Department of Safety and Professional Services, (608) 266-2112, showing proof they have paid for worker's compensation, unemployment insurance, and minimum levels of liability or a bond. The liability insurance covers worker and public injuries and damage to property.

If contractors cannot show you a registration card, it may mean trouble if you hire them. Some contracts are written to put the responsibility for building permits and insurance on the homeowner. However, homeowners taking out building permits themselves have no assurance that the contractor has proper insurance.

Consumers may ask any contractor for a certificate of insurance with the homeowner's name and address listed as a certificate holder. This certificate shows that the contractor has an active policy. As a certificate holder, the homeowner will then be informed if the contractor's insurance policy expires.

Contracts

Do not rely on oral agreements. For the protection of both you and the contractor, it is wise to request a written contract in all situations. The contract serves as a statement that the contractor knows exactly what services you want performed. Do not

sign anything until you understand it all. Consult an attorney if you have questions.

Make sure the contract contains:

- The name and address of the salesperson, as well as the company name and address (not just a post office box number).
- A full description of the job. Again, do not rely on oral agreements.
- A detailed list of materials to be used including the name, brand, size, models, performance capacity of the items, and the quantity of materials to be used.
- The total price, plus finance charges.
- A starting and completion date, to prevent the job from going on indefinitely.
- A statement explaining any warranties on materials, labor or services. Be sure you understand any exceptions or limitations.

If any payment is required before the work is done, a written contract is required by the law. The consumer should demand one if the contractor does not offer it. Get all guarantees in writing. Never sign a completion certificate or make final payment until you are satisfied and all work is done as specified.

Lien waivers

When any payment is made – especially final payment – consumers have the option to get lien waivers from the contractor. This will prevent a subcontractor or material

supplier from putting a lien on your home if the contractor does not pay the bills.

Wisconsin law requires that contractors provide notice to consumers of their right to receive a lien waiver from a contractor whenever they make partial or final payments. Contractors must provide the lien waivers **if you request them**. You should always ask for a lien waiver from the contractor when you make a payment, even if one is not offered. The following case history explains why lien waivers are so important to consumers:

Case history

Mr. Jones signed a contract with ABC Contractors for the construction of an addition to his home. When the work was done, Jones paid the contracted price and started enjoying his new addition.

A month later, he received a "Notice of Intent to File Claim for Lien" from the lumberyard where ABC Contractors obtained building materials in the mail.

What happened? Although Jones had paid his bill, ABC Contractors did not pay the lumberyard. The law allows a subcontractor or supplier of materials to place a lien on the property where the work was done, if the contractor does not pay his bills. This can happen even if the homeowner has paid the contract in full. **To protect against this, insist on being given completed "waiver of lien" forms from the contractor and each subcontractor anytime payment is made. These forms should be signed by the contractor and every other person supplying materials or labor covered by the payment.**

Right to Cure Law

Under Wisconsin law (§101.148, Wis. Stats.) contractors must provide consumers a brochure, at the time of contracting, that describes the requirements for making future claims about construction defects. The "Right to Cure" law (§895.07(2) & (3), Wis. Stats.) provides timetables and other steps to help consumers and contractors resolve disputes. Failure to follow the "Right to Cure Law" can result in dismissal of legal or arbitration actions.

If you have a concern about poor quality work or materials, you must provide written notice to the contractors or suppliers before any legal action may be filed. The contractors and suppliers have an opportunity to respond to the claims, including the right to inspect and test alleged defects. You have the right to accept or reject settlement offers – in full or in part – via written notice.

Right to cancel

If you were solicited and signed a contract for more than \$25 at your home (or away from the contractor's regular place of business), Wisconsin law allows you three business days to cancel. The contractor is required to provide you with two copies of the notice of your right to cancel at the time the contract is signed.

To cancel the sale, consumers must sign and date a notice of cancellation and mail it to the contractor before midnight of the third business day. Sending cancellation notices by certified mail, return receipt requested, lets you know your notice was delivered.

If you pay for, but do not receive materials, services, or completion of work, you may cancel a home improvement contract after three business days by:

- Giving a written notice canceling the contract.
- Demanding return of all money the contractor has not yet spent on the project. (The contractor must return this amount to you within 15 days.)
- Demanding delivery of all materials which the contractor has purchased with your money. (The contractor must deliver the materials within 15 days or within 5 days after the contractor receives materials from the supplier, whichever is later.)

In addition, if your contract is for an exterior home repair or construction and involves an insurance claim, you may have additional protections under Wisconsin Law (§100.65, Wis. Stats.).

Criminal violations of home improvement laws can result in maximum fines of \$5000 and imprisonment for up to a year. Civil violations can result in maximum fines of \$10,000.

Consumers may sue for twice the amount of any damages, together with courts costs and reasonable attorney's fees.

For more information or to file a complaint, visit our website or contact the Bureau of Consumer Protection.

Bureau of Consumer Protection
2811 Agriculture Drive
PO Box 8911
Madison WI 53708-8911

E-MAIL: DATCPHotline@Wisconsin.gov

WEBSITE: datcp.wisconsin.gov

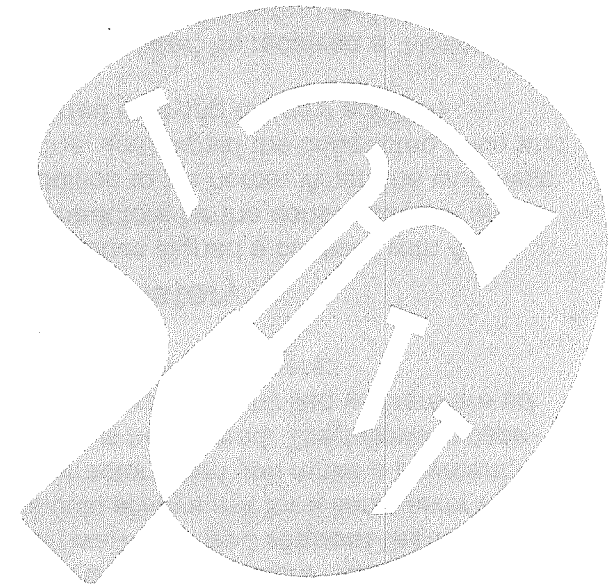
Toll-free in WI: (800) 422-7128

(608) 224-4976 ♦ FAX: (608) 224-4677

TTY: (608) 224-5058

HOME IMPROVEMENT

Consumer tips



**CONSUMER
PROTECTION**

WISCONSIN
DEPARTMENT OF
AGRICULTURE,
TRADE AND
CONSUMER
PROTECTION