

# A CONSUMER'S GUIDE TO HOME IMPROVEMENT CONTRACTS



**NASCLA**

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# WHAT TO KNOW BEFORE SIGNING A CONTRACT

## What information should be in your contract before you sign?

### THE CONTRACTOR'S COMPLETE INFORMATION.

Include the company's name, address, phone number, and the full name and license number of the builder/contractor and the salesperson.

### A DETAILED DESCRIPTION OF THE WORK TO BE DONE.

Include specifics on materials such as color, quantity, size, model number, brand name, product and cost.

### THE TOTAL CONTRACT PRICE.

This is the exact dollar amount the contractor will be owed at the completion of work listed in the contract.

### A PAYMENT SCHEDULE THAT PARALLELS THE AMOUNT OF WORK COMPLETED.

This schedule includes a "retention" (a percentage of each payment towards the total job completed which you retain until the job is completed). Be sure to include all payments to subcontractors and suppliers as well.

### THE WORK START AND COMPLETION DATES.

Allow for any reasonable delays. This should also include a clause that allows for you to withhold payment if work slows down for no apparent reason.

### A STATEMENT OF PERMIT RESPONSIBILITY.

Clearly indicate that all required building permits and variances required by your city, state, and county will be obtained by the contractor before any work begins.

### A GUARANTEE OF LIABILITY COVERAGE.

Obtain proof that the contractor carries liability insurance and has Workers' Compensation coverage to protect you in case of accidents on the job.

### A STATEMENT OF WARRANTY ON THE WORK.

Be sure it indicates that the labor and materials are guaranteed and for how long. Include the names and addresses of the parties honoring the warranties.

### A STATEMENT OF DETAILS.

This should include what cleanup and removal of debris and materials will be done by the contractor and when. It should also provide instructions regarding pets, children, or areas where materials may not be stored.

### A RIGHT TO CANCEL CLAUSE.

Detail the time frame in which you may cancel after the contract has been signed along with any penalties that you may incur when canceling after work has begun.

## ALWAYS REQUIRE A SIGNED CONTRACT



## TIPS

# What does your contract SAY?

This important information can save you from unnecessary financial and emotional loss.

# What exactly is a CONTRACT?

A contract is a written agreement between two or more people. A contract is legally binding when signed by all parties.

Before any work begins on your project, follow these few steps to ensure that your contract contains the necessary information needed to protect you should serious questions or a dispute arise between you and your contractor.

## ADDITIONAL RESOURCES

### FEDERAL EMERGENCY MANAGEMENT AGENCY

800.621.3362  
[www.fema.gov](http://www.fema.gov)

### BETTER BUSINESS BUREAU

703.276.0100  
[www.bbb.org](http://www.bbb.org)

### FEDERAL TRADE COMMISSION

202.326.2222  
[www.ftc.gov](http://www.ftc.gov)

### STATE CONSUMER PROTECTION AGENCIES

844.872.4681  
[www.usa.gov/state-consumer](http://www.usa.gov/state-consumer)

### NATIONAL ASSOCIATION OF ATTORNEYS GENERAL

202.326.6000  
[www.naag.org](http://www.naag.org)

THIS VALUABLE INFORMATION IS PROVIDED COURTESY OF:



### MISSISSIPPI STATE BOARD OF CONTRACTORS

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### NATIONAL ASSOCIATION OF STATE CONTRACTORS LICENSING AGENCIES

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