A Massachusetts Consumer Guide to Home Improvement

Every year, consumers spend millions of dollars on home improvements. Far too often, unsuspecting homeowners are cheated by home improvement contractors. In 1992, the Home Improvement Contractor Law (M.G.L. c. 142A) was created to protect consumers and regulate the practices of home improvement contractors.

The law establishes a contractor registration requirement, an arbitration program for resolving disputes between homeowners and registered contractors and creates a Guaranty Fund to compensate consumers up to $10,000 for unpaid judgments against home improvement contractors. Remodeling and improving your home can be a huge undertaking. Fortunately, by understanding your rights under the law and taking a few precautions, you can help avoid potential problems. Be sure to plan carefully before investing thousands of dollars into home improvements.

Before You Begin the Project

- **Think about the specific design** you want (consult an architect or designer if necessary) and decide on a budget.

- **Think about the materials** you want to use. Visit home improvement centers, read magazines featuring distinctive home designs, or talk to others who have completed similar renovations.

- **Clearly describe the work** you want done in a specification sheet and floor plan for potential contractors. When all contractors who bid on a job work from the same design description, there is more likely to be a complete and accurate bidding process.

- **Contact a professional building industry association** for advice on the home improvement process, including the selection of a contractor.

- **Before You Hire a Contractor**

Before You Hire a Contractor

Selecting a contractor is the most important part of the home renovation process. You should always:

- **Interview at least three contractors** and request a written, detailed estimate.

- **Check with the Board of Building Regulations and Standards** to make sure that the contractor or subcontractor you hire is currently registered with the state.

If the contractor or subcontractor is not registered, you will not be protected by the Home Improvement Contractor Law. However, there may be other remedies available to you through the court system.

There are some exceptions to the registration requirement. Contractors who do not need to be registered include installers or providers of central heating and air conditioning, energy conservation devices, landscaping, interior painting, wall and floor coverings, fencing, freestanding masonry walls, above ground pools, shutters, awnings, ground level patios, driveways and certain licensed professionals such as architects, electricians and plumbers who provide services that are exclusively within the scope of their profession. Additionally, some part-time and small job (under $500) contractors do not need to be registered.
Registered contractors must display their six-digit registration number on all advertisements, contracts and permits. Wherever you see the company or contractor’s name displayed, you should also find a registration number nearby. The state issues an identification card to all registered contractors. Ask to see it in order to verify that the registration is valid and has not expired. If you discover that a contractor is not registered, contact the Attorney General’s Office to report this illegal act.

- **Confirm references for each contractor.** Look at the jobs the contractor has completed. Contact the other homeowners who have hired the contractor and find out if they have had any problems. Check the contractor’s complaint history with the Attorney General’s Office or the Better Business Bureau. You can contact Consumer Affairs to find out if there have been arbitration cases or Guaranty Fund claims against the contractor.

**Before You Sign a Contract**

*Always ask for a detailed written contract,* even for small projects. It will protect you and help ensure that you and the contractor understand the scope of the job and the price. State law requires that home improvement contracts over $1,000 be in writing. If contractors violate this provision, their registration may be suspended or revoked, and they can be fined or face criminal prosecution. Consumer Affairs can provide you with a sample contract.

Be sure the contract contains:

- the identification of the contractor, including the contractor’s registration number;
- total price of the work;
- the payment schedule;
- a provision for changes or "extras";
- a detailed list of specifications/materials;
- start and completion dates;
- a copy of the contractor’s insurance;
- a permit notice warning you that if you secure your own building permit or deal with unregistered contractors, you will not be eligible for the Guaranty Fund;
- a 3-day cancellation notice, informing you of your right to cancel your contract if you signed the agreement in your home, or at a place other than at the contractor’s office or business; and
- other details particular to your job.

**Be sure the contractor obtains the building permit.** If you apply for the permit, you may not be eligible for compensation from the Guaranty Fund.

**By law, the contractor cannot collect more than one-third of the cost of the contract in advance,** unless special order materials are needed.
If you are financing your home improvements, be aware that contractors are not allowed to lend you the money, or act in association with any lending institution if the loan is secured by a mortgage on your home. Similarly, a contractor cannot offer you financing with a specific lender if your home is used as collateral. You have the right to choose any lender who is willing to negotiate your loan. Get a cost estimate from the contractor for the work that needs to be done, and then shop around for the best financing option.

Sources of Help

To check on a contractor’s registration:

Home Improvement Contractor Registration
Board of Building Regulations and Standards
(800) 223-0933 press 4
Search their database at: http://www.magnet.state.ma.us/bbrs

To check a contractor’s complaint history or to file a consumer complaint:

- Office of Consumer Affairs and Business Regulation
  (Arbitration and Guaranty Fund History only)
  Consumer Hotline
  (617) 973-8787 or (888) 283-3757

- Attorney General’s Office
  (617) 727-8400

- Better Business Bureau
  (508) 642-4800
  (508) 755-2548
  (413) 734-3114

For information about the home improvement process, contact professional building industry associations:

- National Association of the Remodeling Industry
  NARI Eastern Mass Division (508) 839-9884
  NARI Western Mass Division (413) 781-6274

- Builders Association of Greater Boston (617) 773-1300

- Home Builders Association of Massachusetts (800) 632-8168

BBB SEARCH
http://search.bbb.org/searchform.aspx
Information on Selecting a Contractor

Recommendations for the Building Owner When Selecting a Contractor to Perform Work on an Existing Home or to Construct a New Home

Before you enter into any written agreement to construct a new home or to remodel or build an addition onto an existing home

1. Ensure that the Contractor is appropriately licensed and is a Licensed Construction Supervisor and/or a Registered Home Improvement Contractor.

2. Ensure that the contractor has adequate liability insurance and workers compensation insurance.

3. Ask the contractor for a written list of his/her three most recent projects with names, telephone numbers and addresses of the owners.

4. Call the owners and ask questions as to the performance of the contractor.

5. Check with your local better business bureau, the Board of Building Regulations and Standards and the Office of the Attorney General to find out whether the contractor has any complaints filed against the contractor, or whether or not any disciplinary action has been taken against the contractor.

Once you have selected a contractor and before you sign any agreement or contract;

1. Do not enter into any construction agreements without a written contract. Before signing a contract make sure that your attorney reviews the contract.

2. Ensure that you authorize the contractor to apply for the building permit as your agent. Registered Home Improvement Contractors are required by law to apply for all building permits which are subject to the Home Improvement Registration Law.

The BBRS strongly cautions building owners against applying for their own building permit. Reputable contractors will apply for the permit, acting as the owner's agent and with the owner's written authority. Only a HIC Registrant may apply for a building permit for work covered by the program. Your contractor may need BOTH the license AND the registration depending upon the type of work being performed. If a contractor is reluctant to apply for the building permit on your behalf it may be an indication that the contractor does not possess a license or a registration.

Click here to check a Construction Supervisor License

Click here to check a Home Improvement Contractor Registration
3. Remember for home improvement work covered by Chapter 142A of the General Laws you are EXCLUDED from reimbursement of up to $10,000 from the guaranty fund if you apply for your own building permit or if you do business with an unregistered contractor.