



# Choosing a Contractor

Office of Attorney General, Consumer Protection Division

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Home repair and improvement scams flourish in warm weather, following severe weather, and after a natural disaster. Unscrupulous, unlicensed, and unqualified out of state contractors are all too eager to take advantage of unsuspecting homeowners who just want to start putting their lives back together.

Many of these “storm chaser” contractors misrepresent their true business reputations, skill levels, and completion dates. Often they obtain temporary office locations in North Dakota so they can advertise as a local business, then offer work guarantees that immediately become worthless when the contractor skips town after the work is completed.

## Warning Signs

Recognize the tip-offs to ‘fly-by-night’ home repair or improvement swindlers. They include:

- Use of an unmarked vehicle; high pressure sales tactics or very low bids; requiring advance non-refundable payments or payment in full before the work is completed;
- Refusal or failure to give written estimates and contracts, or to provide references, proof of insurance, or required licenses.

Consider local, reputable contractors.

## Quick Tips

If the contractor is not a local business or has just set up an office, ask when the company first located to North Dakota, check the phone directory for a local business listing to see if the company has previously been a local business, and don't rely on promises that the company intends to stay in North Dakota.

Make sure your potential contractor is properly licensed. Contractors engaging in contracts exceeding \$2,000 must be licensed by the North Dakota Secretary of State. Check with the Secretary of State’s Licensing Division to determine if those contractors are licensed by calling 701-328-3665 or 1-800-352-0867, ext. 8-3665.

Contractors also must be registered with ND [Workforce Safety and Insurance](#) (1-800-777-5033) and [Job Service North Dakota](#) (1-800-247-0981).

If the contractor is not a local business or has just set up an office, check with the Attorney General’s Licensing Section at 701-328-2329 or online to determine if the contractor needs a “[transient merchant’s license](#).” This requirement protects the homeowner, and includes a bond that may be available for a consumer complaint about the product or service.

Report suspected fraud to your local law enforcement agency or the Attorney General’s Office.

<b>Research Your Project</b>	Before selecting a contractor, research the project so you will be knowledgeable about what the job involves. Your research should include what has to be done, the best way to do the work, and the types and costs of materials that should be used. You also may want to contact your local building inspector to find out what building permits are required for your job.
<b>Bids</b>	Get bids from several contractors. Friends and neighbors who have undertaken similar projects may give you the names of contractors they recommend. Trade associations, hardware, building supply, and home improvement stores also may be good sources for reputable contractors.
<b>Get Written bids</b>	<p>Get at least two or three written bids for your project. Never accept a verbal estimate. Prepare a detailed list of work that needs to be done and the materials required. Meet with each contractor about the bid. In order to protect yourself, ask the contractor these questions:</p> <ul style="list-style-type: none"> <li>• Is the business locally owned? How long has the business been established in the community? What is the permanent business address?</li> <li>• Does the contractor have a driver's license? Obtain the name, address, and driver's license number for future reference.</li> <li>• Will the contractor provide references? Get a list of names and phone numbers and call them.</li> </ul>
<b>Compare Bids</b>	Carefully compare the written bids. Be sure each includes everything you want. The bid should serve as a starting point in your negotiations with the contractor. It is not necessarily the bottom line; less reputable contractors may cut corners for low bids.
<b>Insurance</b>	Make sure your contractor has liability insurance, otherwise, you may be liable for injuries to workers or others on your property, including damages to their personal property. Contact your insurance agent for more information.
<b>Get a Written Contract</b>	<p>The identification of the contractor, including name, business location and telephone numbers should be written into the contract. Answers to the following questions should also be in the written contract:</p> <ul style="list-style-type: none"> <li>• When will the work begin? How long will it take? What will it involve?</li> <li>• What type, grade and quality of material will be used? How much will it cost? Will subcontractors be used? If so, who-and how will they be paid?</li> <li>• What guarantees and warranties will I receive? Will the contractor obtain the necessary licenses and permits?</li> </ul>
<b>Rebuilding</b>	Rebuilding after a natural disaster? Find detailed information about <i>Disaster Scams</i> online at <a href="http://www.ag.nd.gov">www.ag.nd.gov</a> on the News/Publications/Forms link, or call the Consumer Protection division.