ProtectMyHome.net

What You Should Know About

Hiring a Contractor, Remodeler, or Handyman

Are you planning to hire someone to work on your home or property? **You need to Hire Smart.**

We don't usually think about financial risks when planning a home repair or remodeling project. Yet each year, L&I hears from hundreds of homeowners who've hired someone claiming to be a "contractor."

The vast majority of Washington contractors are honest, skilled, and focused on satisfying their customers. But they also would agree that consumers need to be careful. The financial consequence of a bad or abandoned job can be devastating for any homeowner.

What can you do to protect yourself? Make sure you hire a registered contractor.

Contractors **ARE** required to be registered in Washington if they are:

- Doing any work that "adds to or subtracts from real estate."
- Providing advice or consultation on a construction project.
- Developing residential property or "flipping" houses.

Contractors **ARE NOT** required to be registered if they are providing services such as:

- Gutter cleaning.
- Pruning or lawn care.
- Window washing.

What is a registered contractor?

A registered contractor must maintain a surety bond, have liability insurance, and have a Washington business license. All information is available online: **www.Contractors.Lni.wa.gov**.

Washington state *does not* require contractors to pass a competency or skills test to become registered (though L&I does test and license electricians and plumbers.) Still, it is not legal for anyone to perform work, advertise, or submit bids without being a registered contractor.

Washington State Department of
Labor & Industries

How do bond and insurance requirements in Washington contractor laws help protect homeowners?

- **They give you financial recourse:** Required *bonds* give homeowners some financial recourse if the job is left unfinished or you are not satisfied with it. In these cases, you may take civil action in Superior Court against a contractor's bond. General contractors must post a $12,000 bond, and specialty contractors, such as painters or landscapers, a $6,000 bond.
- **They can cover damage:** The contractor's required general *liability insurance* coverage of $50,000 covers damage to your property; the $200,000 public liability insurance covers other personal damages.
- **They provide a 'known' business to work with:** A required current Washington *business license* ensures the contractor is not a 'fly by night' company and — if the contractor has employees — they are covered by workers' compensation insurance, obtained through L&I.

Note: You may ask to see your contractor's liability insurance policy

This will help you verify what it covers. Many liability insurance policies for contractors include *'construction defect'* clauses and/or *'exclusions for work outside of the contractor's normal business practices'*. Reviewing your contractor's policy with your own insurance agent may be advisable, especially for larger projects.

Check out **www.ProtectMyHome.net**

It's L&I's online toolbox for homeowners looking for the right contractor, where you can:

- Verify a contractor's Washington registration.
- Find out how long they've been registered and if they have workers' compensation insurance for any employees they may have on your property.
- Check for any pending or past legal actions against the contractor and their bonding company, other business names used in the past, and any past infractions.
- Download a copy of our *Hire Smart Worksheet*.
- Get step-by-step advice on how to hire a contractor.

Before you hire a contractor or remodeler:

Hire smart. L&I can help.

1. Verify their contractor registration.
2. Get three written bids.
3. Don't pay in full until the job gets done.

For more "Hire Smart" tips, go to:
www.ProtectMyHome.net

If you hire a person who is *not* a registered contractor, be aware and manage the risks.

If you *do* decide to hire someone who is *not* a registered contractor, you *could* be considered that person's employer, with wage, tax, workers' comp, safety, and record-keeping requirements.

To protect yourself from risk and liability — if you are *not* working with a registered contractor — be sure to:

- **Get workers' compensation insurance through L&I:** If your worker gets hurt, it will pay medical expenses and protect you from being sued. (See Page 4.)
- **Pay at least the minimum wage.** Find the current required hourly wage at **www.WorkplaceRights.Lni.wa.gov**.
- **Keep track of hours worked:** You must pay overtime after 40 hours in a given week. Also, if the worker later claims you failed to pay wages correctly, you will have a record.
- **Pay/withhold taxes due on the wages:** Go to **www.BizGuide.wa.gov** for information.

Heads up! Don't pay twice.

Did you know that you, the property owner, are ultimately responsible for ensuring suppliers, subcontractors and workers are paid? If your contractor doesn't pay them, they have the right to file a lien on *your* property to obtain payment.

Learn more in Publication F625-017-000, *Facts About Construction Liens.*

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.
- Accept only cash, require large deposits or the entire cost upfront.
- Ask you to pay in their name, rather than the name of a business.
- Do not provide a written contract or complete bid.
- Ask you to pick up the building permit, usually a contractor requirement. (Permits are for your protection: they help ensure you'll meet 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."

Protect yourself with permits

Your contractor should obtain all the necessary permits. If you do the work youself, you would need to check which permits are required and obtain them if necessary.

- Building permits: Contact your local county or city building department.
- Electrical permits: **www.ElecPermit.Lni.wa.gov**
- Manufactured homes permits: L&I must approve plans and inspect both new and 'altered' manufactured/factory-assembled homes and recreational vehicles for safety. Call your local L&I office or go to **www.FAS.Lni.wa.gov**.
- Elevator permits for any stair-lifter, pool lifting device or other conveyance. For information, call L&I's Elevator Program: 360-902-6130.

If you do choose to open a workers' comp account, here's how:

If you are hiring people for new construction, remodeling work, or a property addition, and choose to have L&I workers' comp insurance for protection, here are the steps:

- Go to **www.BizGuide.wa.gov** and fill out a Master Business Application. Or visit any L&I or WA Dept. of Revenue Business Licensing Office to get an application in person. (Find a Revenue office: **www.bls.dor.wa.gov** or call 1-800-451-7985.)
- Make sure you check the box that asks if you are hiring workers.
- The application will be routed to L&I and an account manager will contact you to set up the workers' comp account. The entire process usually takes two weeks. Workers' comp premiums for construction workers vary (from under $2 per hour to $6 per hour or more for jobs with a higher risk of injury). The coverage provides full medical benefits for the worker if injured on your job.

IMPORTANT: Most homeowner policies do not cover workers, so if you decide to hire someone who is not a registered contractor, check with your insurance agent. If you don't have workers' comp coverage, you could be legally liable for a worker's injury costs and would be unprotected from lawsuits.

Call L&I's Employer Services program for more information: 360-902-4817.

L&I has offices throughout Washington ready to help you

Aberdeen: 360-533-8200
Bellevue: 425-990-1400
Bellingham: 360-647-7300
Bremerton: 360-415-4000
E. Wenatchee: 509-886-6500
Everett: 425-290-1300
Kelso: 360-575-6900
Kennewick: 509-735-0100
Moses Lake: 509-764-6900
Mt. Vernon: 360-416-3000
Port Angeles: 360-417-2700
Pullman: 509-334-5296
Seattle: 206-515-2800
Spokane: 509-324-2600
Tacoma: 253-596-3800
Tukwila: 206-835-1000
Tumwater: 360-902-5799
Vancouver: 360-896-2300
Yakima: 509-454-3700

More resources

Office of the Attorney General, Washington State

For consumer information or to file a complaint:

Online: **www.ATG.wa.gov/consumer**

Phone: 1-800-551-4636

Better Business Bureau

To check out a business or file a complaint:

Online: **www.bbb.org**

Phone: 206-431-2222 (western Washington)
509-838-3841 (eastern Washington)

Contractor information at L&I

- **www.ProtectMyHome.net**
- **www.HiringAContractor.Lni.wa.gov**
- Call toll-free: 1-800-647-0982

Other formats for persons with disabilities are available on request. Call 1-800-547-8367. TDD users, call 360-902-5797. L&I is an equal opportunity employer.

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