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IOWA DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL

TOP TIPS TO HIRE THE RIGHT CONTRACTOR

1. **In-State vs. Out-of-State:** Beware of any contractor who shows up in an unmarked vehicle with out-of-state license plates, but hands you a business card with an Iowa address. Storm-chasing contractors and scammers will travel to towns after a disaster and get business cards printed in one hour with an Iowa address (often a local hotel or a post office box) so it appears they are from Iowa when they are not.

Researching an out-of-state contractor can be difficult. Additionally, if you need follow-up or warranty work, you may not be able to get in touch with them. Once you pay an out-of-state contractor, they may lose the incentive to return and complete the job. It becomes easier and more profitable to move on to the next job, next town, or next state before finishing your job. **BEFORE** hiring a contractor, **STOP** and **ASK** people you know and trust whether they have used the contractor, and whether the work has been completed to their satisfaction.

2. **Beware of Insurance Scams:** If you're filing an insurance claim to cover the costs of storm damage, negotiate the details with your insurance company **DIRECTLY** and not through a contractor. Homeowners need to be involved in the entire process: claim, project completion, and payment. **DO NOT PAY THE CONTRACTOR UNTIL THE JOB IS COMPLETED TO YOUR SATISFACTION.** Reputable contractors have established lines of credit that allow them to purchase and pay for materials once the job is completed. It is *extremely* difficult to get your money back should you have a dispute with the contractor. If you must have the work done immediately and the only available contractor insists on payment for materials, pay the materials suppliers directly or make your checks out to the materials suppliers.
3. **Check Past Complaints:** Email the Iowa Attorney General at consumer@ag.iowa.gov to obtain information about complaints against a contractor. Also, check the Better Business Bureau complaint database at www.bbb.org for complaints against a contractor.
4. **Search for any lawsuits against a contractor:** Iowa Courts Online contains records of any criminal or civil actions taken in Iowa courts against or by an individual or business. Be sure to search for listings under the name of the business as well as the name of the owner.
 - Visit www.iowacourts.state.ia.us to begin your search
 - Learn more about navigating Iowa Courts Online with this helpful guide: <https://www.iowacourts.state.ia.us/ESAWebApp/HelpFrame>
 - Learn more about the Iowa Court System: https://www.iowacourts.gov/static/media/cms/GuidetoIowasCourtSystem_464EFAC4887E4.pdf

5. **Check Registration:** Every contractor who does business in Iowa is required to register with Iowa Department of Inspections, Appeals, & Licensing. While a contractor's registration doesn't guarantee the quality of work or payment of damages if a dispute arises with the contractor, it may help you determine the professionalism and longevity of a contractor.

Verify a contractor's registration at

https://laborportal.iwd.iowa.gov/iwd_portal/publicSearch/public or 515.242.5871. You should also ask the contractor for a copy of their liability insurance certificate.

6. **Make Sure There is a Trail:** If there is **NO** information about the contractor when you research complaints, lawsuits, or registration information available from the Iowa Attorney General, Better Business Bureau, Iowa Courts Online, and Iowa Department of Inspections, Appeals, & Licensing, that is a **RED FLAG**. An established contractor will be registered with the State and have a verifiable history with the Better Business Bureau.

7. **The Contract:** You should enter a **written** contract with a contractor that covers all details of the project including:

- Price
- Start Date
- Detailed description of the work to be done
- Brand and specification of materials to be used
- Assigned responsibility for obtaining permits and necessary inspections
- All change orders required to be in writing
- Completion Date
- Assigned responsibility for cleanup
- Remedies if the contractor does not start or end on time (such as the contract is null and void if the contractor doesn't start on time, the contract is cancellable without penalty, etc.)

8. **Read the ENTIRE contract before signing and consider having an attorney review it:** Beware of high pressure sales tactics such as 1) anything that rushes your time to consider your decision, 2) a price that is "only good for today", 3) a huge start delay if you do not sign today, 4) a supposed discount based on "leftover materials" from another job, or 5) a supposed discount based on the contractor's sign being placed in your yard.

9. **Right to Cancel: YOU HAVE THREE BUSINESS DAYS TO CANCEL THE CONTRACT** if you sign a contract somewhere other than the contractor's regular place of business. For example, you have three business days to cancel the contract without penalty if you sign the contract at your house, at the State Fair, or in retail parking lot. Your contract should include a separate page titled Notice of Cancellation that shows the date by which you must exercise your written notice of cancellation, as well as the means by which you

can provide that notice to the contractor. If possible, it is a good idea to send a cancellation by certified mail with a request for a return receipt. If hand delivering a cancellation notice, take a witness with you.

10. Payment Terms: Reputable contractors have established lines of credit that allow them to purchase materials and pay once the job is completed. Once paid, contractors lose incentive to complete the job. If possible, **DO NOT PAY THE CONTRACTOR UNTIL THE JOB IS COMPLETED**. Otherwise, negotiate a plan in writing to pay as portions of the job are completed or for you to purchase materials directly from the supplier and have them delivered to your home. **Any money paid to a contractor before completion of the job may be lost.**

11. Mechanic's Lien: **INSIST ON A MECHANIC'S LIEN WAIVER** when making your final payment. The waiver protects homeowners if the contractor fails to pay others for materials or labor.

A mechanic's lien secures an interest in your property on behalf of the contractor for 2 years and 90 days. It is much easier to resolve a potential dispute by asking the contractor to sign a waiver as you make your final payment. You may find more information about a mechanic's lien at the Iowa Secretary of State Mechanic's Notice and Lien Registry (MNLRL) website at: <https://sos.iowa.gov/mnlr/index.aspx>. A sample waiver is attached to these tips, but you should contact your own counsel for review before using it.

12. Financing: Compare your financing options. It's usually safer and a better deal to obtain financing through your local bank or credit union, rather than through the contractor or their affiliate. Do some loan shopping and compare loan terms. Don't let anyone pressure you into signing a loan document, and **NEVER DEED YOUR PROPERTY TO ANYONE**.

SAMPLE ONLY
RELEASE AND WAIVER OF LIEN

STATE OF IOWA, COUNTY OF _____,

(Contractor or Agent Name) OF _____
(Company Name)

That said company or person, performed work, labor, services and/or furnished material in the repair or improvement of realty at _____.
(Contract site address, Property owner's phone number)

That said company or person: _____
(Description of work done)

That said company, or person, has been paid \$ _____ pursuant to the terms and conditions of its contract with _____ including labor, material and equipment
(Property owner's name)

furnished by it through _____, 20 _____ the receipt
(Month and Day)

and sufficiency of which is hereby acknowledged. The undersigned so hereby waive all liens and claims which said company, or person, may have against the above property through the aforesaid date, and further, the undersigned represents that no other person or party has any right to a lien on the above property on account of any work performed or materials furnished to said company, or person, under its contract. This payment represents FULL payment of the contract.

Company: _____ Federal ID or SSN #: _____
Address: _____ City: _____
Phone: _____
Title: _____
SIGNATURE _____

This form needs to be signed by the general contractor before you make your final payment!