



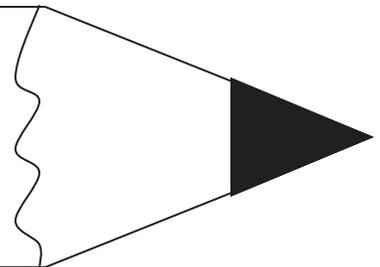
From the New York State  
**Consumer Protection Board**

5 Empire State Plaza, Suite 2101  
Albany, New York 12223-1556

**1-800-697-1220**

**[www.nysconsumer.gov](http://www.nysconsumer.gov)**

***Includes a sample  
building contract***





## Before the job

1. **Make a project list.** Note what you want done and how much you can spend.
2. **Shop for a contractor.** Get written estimates from at least three different builders, listing the materials, the prices and the services they will provide.
  - **Check for a license.** Depending on the job, a contractor may be licensed by a local government agency.
  - **Check for insurance.** Are they insured for personal liability, injury and property damage?
  - **Check their references.** Ask the contractor for the names and phone numbers of previous customers. Ask the New York State Consumer Protection Board, a local consumer agency or the Better Business Bureau whether complaints have been filed against the company. Were they resolved?
  - **Check on their current workload.** Delays and other problems can occur if a contractor is working on too many jobs at once.

**IMPORTANT: The law gives you three days to cancel a home improvement contract. Cancellation must be in writing and should be sent to the contractor by certified mail, return receipt requested.**



## Hiring the contractor

1. **Get it in writing.** Make sure that all promises, including a project start date, list of materials, payment schedule and the expected completion date are given to you in writing.
2. **Advance payments.** Don't pay a large down payment before work begins. Negotiate only reasonable advance payments that are tied to completion of specific work. Make sure the contractor signs all papers. Keep a copy for your records.
3. **Get a Lien Release.** This document guarantees that your contractor will pay all of his subcontractors and suppliers at the end of the job. It will prevent those subcontractors and suppliers from coming after you for their money.



## Questions to ask a contractor

Do you do this type of work?  
Do you provide a free estimate?  
How long have you been in business?  
Do you have a license (where appropriate)?  
Can you supply references from previous customers?



## Questions to ask when checking references

Would you recommend this contractor?  
May I visit your home to view the completed job?  
Were you pleased with the work?  
Did the contractor stay on schedule and honor the contract terms?  
Was the project completed on time?  
Were there unexpected costs? Why?



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## During and after the job

1. **Check the materials.** Examine fixtures and other materials before installation.
2. **Inspect their work.** Identify unsatisfactory work and have it corrected as soon as possible.
3. **Get specifics on extra work and unexpected charges.** Additional materials and other changes may be identified during the job. Any changes or extra work should be detailed in writing.
4. **Are you satisfied?** Insist that you get a certificate of completion – but don't sign it until the work has been completed to your satisfaction.

## SAMPLE CONTRACT

The law does not specify the type of contract to be used, but the following may be used as a guide. This sample includes all contract provisions required by law, as well as optional provisions that can be negotiated, which are in italics. Especially important legal issues are identified as "Notice to Homeowners".

### CONTRACTOR

### HOMEOWNER

Legal Name:		Name:
License Number (if any):		Address:
Issued By:		
Business Address:		Telephone Number:
Telephone Number:		

### SUBCONTRACTOR

Legal Name:
License Number (if any):
Business Address:
Telephone Number:

Work description and cost of labor and materials	<p>The following describes all work to be done, including all products and materials to be used and installed. Include in the description, wherever applicable, all product and material sizes, weights, grades, quality, quantities and brand names. <i>Except where stated otherwise, the contractor promises that all products and materials are new and undamaged. The contractor agrees to follow all blueprints, plans and sketches which are attached to each copy of this contract and which are signed and dated by both the homeowner and the contractor.</i></p>
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Work to be done	Products and materials to be used or installed	Cost of labor	Cost of products and materials



<p>Progress Payment Schedule (Does not apply if work is paid hourly or on some other basis)</p>	<p><i>The progress payment schedule is as follows:</i></p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="width: 70%;"></th> <th style="text-align: right;"><b><i>Due Date or Stage of Completion</i></b></th> </tr> </thead> <tbody> <tr> <td><i>Deposit (if any)</i></td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td><i>First payment (if any)</i></td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td><i>Second payment (if any)</i></td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td><i>Final payment (30 days after completion)</i></td> <td style="text-align: right;">\$ _____</td> </tr> </tbody> </table> <p><i>Progress payments must be deposited in an escrow account at</i></p> <p style="text-align: center;">_____, _____, NY within five days. (Bank) (Address)</p> <p><b>NOTICE TO HOMEOWNER: Contractors are required by law to deposit all progress payments received prior to completion in an escrow account or to post a bond to protect these payments. All progress payments must bear a “reasonable relationship” to the work done and materials used.</b></p>		<b><i>Due Date or Stage of Completion</i></b>	<i>Deposit (if any)</i>	\$ _____	<i>First payment (if any)</i>	\$ _____	<i>Second payment (if any)</i>	\$ _____	<i>Final payment (30 days after completion)</i>	\$ _____
	<b><i>Due Date or Stage of Completion</i></b>										
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<i>Second payment (if any)</i>	\$ _____										
<i>Final payment (30 days after completion)</i>	\$ _____										
<p>Final Payment</p>	<p>Final payment is due _____ days after the contractor finishes the work. The homeowner is not required to sign a certificate of completion until the end of the 30 day period after the work is finished. The homeowner may withhold final payment because of:</p> <ul style="list-style-type: none"> <li>• defective work that is not repaired to the satisfaction of the homeowner; and/or,</li> <li>• the contractor’s failure to show the homeowner satisfactory proof that all subcontractors and suppliers have been paid.</li> </ul> <p><b>NOTICE TO HOMEOWNER: If the contractor or subcontractor which does the work is not paid, they may have a claim against the customer’s property under the Lien Law.</b></p>										
<p>Financing disclosure</p>	<p><i>If the contractor arranges financing from a financial institution, or if the contractor assigns the right to collect sums due under this contract to a third party, the homeowner has the right to withhold payments or make claims against the financial institution or third party if the contractor fails to live up to any part of this agreement. Any reference to finance charges in this contract shall not replace the disclosures required by the Truth In Lending and Retail Installment Sales Acts.</i></p>										
<p>Warranties: workmanship and materials</p>	<p><i>The contractor promises that all work done under this contract, including work done by subcontractors, will be free from defects in material and workmanship for _____ years from the date the work is completed.</i></p>										
<p>Warranties: products to be installed</p>	<p><i>Where a product to be installed is warranted by the manufacturer, the contractor (will) (will not) service the warranty. Whether or not the contractor services the warranty, the contractor will supply the homeowner with copies of all manufacturers’ warranties.</i></p>										

Permits, laws, regulations	<i>The contractor will obtain all necessary permits and pay any fees required. The contractor is responsible for knowledge of and compliance with all laws, ordinances, rules and regulations.</i>
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Insurance	<p><i>The contractor must obtain adequate insurance covering Worker's Compensation, property damage and personal injury, and present proof of coverage to homeowner.</i></p> <p><b>NOTICE TO HOMEOWNER: Even if your contractor has full insurance coverage, check with your insurance agent to see that your homeowner's policy covers accidents to people working on your property.</b></p>
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Damage, injury	The contractor is liable for all damage or injury caused by the contractor or the subcontractor or their agents or employees.
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Change in contract terms	<p><b>ALL CHANGES</b> to the terms of this contract, including work modification, must be in writing and signed by both the contractor and the homeowner.</p> <p>Any homeowner who signs a home improvement contract relying on false or fraudulent written representations may sue the contractor. In addition to other remedies, an owner may recover a \$500 penalty, reasonable attorney fees and any damage sustained as a result of such misrepresentations. But, if the court finds the owner's lawsuit was frivolous, the court may grant attorney's fees to the contractor.</p> <p>The New York State Attorney General, along with local law enforcement agents, may enforce state law. In addition, state law does not exempt contractors from any local law that is consistent with state law.</p>
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\_\_\_\_\_

DATE

\_\_\_\_\_

HOMEOWNER

\_\_\_\_\_

DATE

\_\_\_\_\_

CONTRACTOR

**NOTICE TO HOMEOWNER: You have the unconditional right to cancel this contract in writing until midnight of the third business day after you sign this contract.**

**Home Improvements Without Headaches**

Note: This booklet is current as of the date of publication and is meant only as general information for consumers on this topic. Legal advice or the services of an attorney may be necessary.

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## **REMEDIES**

Under state law, any homeowner who signs a home improvement contract relying on false or fraudulent written representations may sue the contractor. In addition to other remedies, an owner may recover a \$500 penalty, reasonable attorney fees and any damage sustained as a result of such misrepresentations. But, if the court finds the owner's lawsuit was frivolous, the court may grant attorney's fees to the contractor. Check local law for additional recourse.

Consumers should note that when an unlicensed contractor sues a homeowner, the homeowner can move for a dismissal of the action.

**The following New York State jurisdictions have consumer protection offices that handle complaints involving home improvement contractors:**

**Dutchess                    845-486-2949**

**Nassau \*                    516-571-2600**

**New York City \*        212-487-4104**

**Orange                      845-291-2400**

**Putnam \*                    845-225-2039**

**Rockland \*                845-708-7600**

**Suffolk \*                    631-853-4600**

**Ulster                        845-340-3260**

**Westchester \*        914-995-2211**

**\*These counties/municipalities have licensing requirements for home improvement contractors. Several localities also have licensing requirements.**

**TIP: You can also learn whether court judgments have been levied against a contractor. Call the court clerk in the town where the contractor is located.**