



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Regulated Industries Complaints Office

DCCA News Release

LINDA LINGLE
GOVERNOR

MARK E. RECKTENWALD
DIRECTOR
Phone: (808) 586-2850
Fax: (808) 586-2856

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DCCA WARNS CONSUMERS TO HIRE A LICENSED CONTRACTOR

HONOLULU – In light of the recent earthquake on October 15, which damaged many Hawaii homes, the Department of Commerce and Consumer Affairs' (DCCA) Regulated Industries Complaints Office (RICO) is warning consumers to use caution when hiring a contractor to repair or rebuild their homes.

“Unscrupulous, unlicensed builders often prey on victims of natural disasters, taking advantage of people who are anxious to rebuild,” Jo Ann Uchida, RICO’s complaints and enforcement officer. “It is against the law to act as a contractor without a license.”

Consumers can protect themselves by using the department’s resources to check a contractor’s license status and history. Consumers can verify a contractor’s license status, free of charge, 24 hours a day, using the department’s website at: licensedcontractor.hawaii.gov. Consumers may also call 800-394-1902 from 7:45 a.m. – 4:30 p.m. for more information.

Contractors working on any job – from debris removal to rebuilding – totaling \$1000 or more for labor and materials must be licensed by the Contractor’s License Board. To become licensed, a contractor must pass a licensing exam, verify experience, and carry insurance.

“Never sign over your insurance check to a person who has promised to repair your home,” warned Uchida. “Pay as the work is completed rather than up front, and keep an accurate record of payments.”

RICO's Top 10 Tips for Consumers

1. Hire a licensed contractor. Check licensure and prior complaints history by calling 800-394-1902 or online at: licensedcontractor.hawaii.gov. Confirm the contractor is licensed, bonded and has the necessary insurance coverage to operate.
2. Know how much you can spend. Fix your budget in advance and keep some in reserve to pay for changes or unanticipated costs.
3. Shop around. Get at least 3 bids or estimates. Make sure the bids are all based on the same work and the same materials. If bid amounts vary significantly, ask why.
4. Ask for references. Call trade organizations or ask friends or relatives for referrals. Ask to see other projects the contractor has completed and to meet other clients.
5. Insist on a written contract. Among other things, a written contract should include the contractor's license number, price, start and stop date, the work to be performed and the materials to be used. Get any promises, guarantees or warranties in writing!
6. Make sure your project is in compliance with city and county codes. If a building permit is required, ask the contractor who will be responsible for the permitting process. Know the risks and responsibilities of an "owner-builder" project.
7. Monitor the job and keep good records. Keep a file with the contract, cancelled checks, correspondence. Make sure any change orders are in writing.
8. Pay as you go. Set a payment schedule that follows the amount of work completed and avoid paying all of the money up front.
9. Know who your subcontractors are and avoid liens. Request partial lien releases for partial payments and a final lien release for final payments. Make sure a notice of completion is published in a newspaper.
10. Do a thorough "walk-through" and take care of any "punch list" items immediately.

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For more information, contact:

Christine Hirasa

Public Information Officer

Phone: 586-2622

Email: chirasa@dcca.hawaii.gov