

# Legal Hotline for Michigan Seniors

**1-800-347-5297**

*Celebrating 15 Years of Service*

**3815 W. St. Joseph Street, Suite C-200**

**Lansing, Michigan 48917**

**www.legalhotlineonline.org**

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**This information should be used for informational purposes only and should not be used in place of legal assistance with an experienced attorney.**

## **HOME REPAIR FRAUDS**

Many home owners are exposed to home repair and home improvement frauds because of their desire to improve their homes. While the Federal Trade Commission has established a special task force to police advertising for siding, insulation and other energy-saving improvements, consumers need to use common sense when dealing with home improvement and repair companies.

With a little healthy skepticism, consumers can often spot unscrupulous repair people by a number of common sales pitches which are illegal under the Consumer Protection Act. If consumers believe a repairperson is using scare tactics to make a sale, contact your local prosecutor or the Attorney General's Consumer Protection Division at 517-373-1140.

### **SOME TYPICAL SALES PLOYS TO WATCH OUT FOR INCLUDE**

- “The leftover material” story. A repairperson offers to repair a roof or porch for an unbelievable low price with some left-over materials from another job. Legitimate contractors rarely order so that they have enough material to do another job.
- “The factory representative” story. A door-to-door salesperson offers substantial savings on materials direct from the factory. Reputable home improvement companies, with the exception perhaps of summer painters, usually sell their goods through stores, not by door-to-door salespeople wandering through neighborhoods.

- “The model home” story. A home improvement company offers to pave a driveway for one-third of the regular price to demonstrate its work to the community. Most reliable repair companies don’t solicit business door-to-door; their reputations are already established.
- “The roof is falling” story. A repairperson comes to the door saying the roof is caving in and needs immediate repair. Or an “inspector” examines the furnace and says it will blow up tomorrow if it isn’t fixed.

### **CONSUMER RESPONSIBILITIES**

- Consumers should be wary of salespeople whose vehicles bear out-of-state license plates. This may indicate fly-by-night operators who will skip town as soon as they get the money without doing the job.
- When shopping for a home repair company, consumers should always ask for references. A company should be able to give at least two or three names of satisfied customers.
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- If consumers are still unsure about a contractor’s reputation, contact a local consumer agency, Better Business Bureau or the Michigan Consumers Council at 517-373-0947 to put you in touch with the Attorney General’s Consumer Protection Division, the Michigan Department of Licensing and Regulation or the Michigan Department of Labor to see if any complaints have been filed against the company. It may also be a good idea to check with building supply companies and the home improvement loan manager of a local bank to see if they have encountered any consumer problems.
- Before signing a contract, consumers should get a least three other bids. Insist on a written bid which includes description of the work to be done, the total price of the product or service and the kind and

quality of the materials to be used. A bid, rather than estimate will provide a firm figure of what the job will cost.

- Beware of companies which ask for a large down payment; 10 to 15 percent should be enough for most jobs.
- Consumers should understand all provisions of the contract before signing it. Sleep on a contract overnight or consult with an attorney first.

### **IN GENERAL, A GOOD CONTRACT SHOULD:**

- Require the contractor to obtain the proper permits and to carry worker compensation and public liability insurance.
- Stat the approximate starting and completion dates and the person responsible for the final clean-up of the work site.
- Require written proof that materials, suppliers and sub-contractors have been fully paid before the final payment is due to prevent claims (mechanics liens) against the property.
- Contain a “hold back” clause allowing the consumer to keep 10 to 20 percent of the payment until the job has been completed for 30 days.
- State the terms of the warranty.

By following these guidelines, most consumers should escape the unscrupulous repairperson while making their homes more attractive.

*If you are a senior, you can get specific questions answered at the Legal Hotline for Michigan Seniors. Call 1-800-347-5297 (372-5959 for the Lansing area).*

*The Legal Hotline is a program of Elder Law of Michigan, Inc., a non-profit organization. If you would like to support our work, please consider sending a tax deductible donation to the Legal Hotline, 3815 W. St. Joseph, Ste C-200, Lansing, MI 48917. Thank you.*

