



How to hire a Contractor

Before hiring a contractor, there are several factors to consider:

- **Deal with a reputable company.** Talk to friends and neighbours. If you live in a rural area and were solicited at your door, check with the RCMP. Ask the contractor for references including complete street address and phone numbers of previous customers.
- **Get a detailed written estimate** from more than one company. The estimate should indicate start date, completion date, full details of the work and material, and the complete cost. Also, ask if the contractor performs all the work or uses sub-contractors. If the latter is the case, check out each sub-contractor individually.
- **Check with City Licensing** to ensure that the contractor is properly licensed. In Calgary, 403-268-5521; in Lethbridge, 403-320-3831; in Medicine Hat number, 403-529-8135.
- **Find out whether or not the contractor charges a deposit.** This applies to ANY PAYMENT MADE TO THE CONTRACTOR PRIOR TO THE COMPLETION OF THE CONTRACT. If charging a deposit, the firm is required to carry a bond through an insurance company and a Pre-paid Contractors license with Service Alberta. The bond covers situations in which there has been default, negligence, misrepresentation, theft, conversion or fraud. For further details or to check if a contractor has a Pre-paid Contractor's License, contact Service Alberta toll free at 1-877-427-4088, or do an online Provincial License search.
- **Ask the contractor if they are members of any associations.** There are a number of associations that may be applicable. For example: The Home Builders Associations, Mechanical and/ or Electrical Contractors Associations or Roofing Contractors Associations to name a few. If so, contact the association to confirm that the membership is in good standing. Also, inquire if the association is able to assist you, should a dispute arise between yourself and the contractor.
- **Find out whether the contractor carries liability insurance.** Contractors are NOT obliged by law to carry liability coverage, so damage done to your property or your neighbour's property by the contractor may not be repaired if no coverage exists. Ask the contractor for the name of their insurance company and their policy number and then verify with the insurance company.
- A home owner cannot be sued, unless he did something to make him liable for a worker injured on his property. However, if you are concerned if a contractor carries Workers Compensation Board coverage, check with the WCB in Calgary at 403-517-6000.
- **Protect yourself from liens.** If a contractor does not pay his suppliers and subcontractors, liens may be placed on your property. Therefore, before you make a final payment at the conclusion of the work, check your property title record at the nearest private registry. Then, depending on the outcome, do one of the following:

If no lien has been registered, pay the contractor the amount of the bill, less 10 percent. Withhold this 10 percent for 45 days after the work has been completed. After 45 days, check your title record at a private registry, and if no lien has been registered, pay the 10 percent holdback money.

** The Builders' Lien Act (Chapter B12, 15a) makes allowance for a "holdback". However, if you plan to withhold 10% of your payment for 45 days, you should mention this to your contractor when you are discussing the work to be done and prior to signing the contract.

or

If a lien has been registered, do not pay any money for the work or materials until the lien claim has been settled. Talk to a lawyer for advice on the best way to settle the claim and remove the lien from the title record. There are two ways to remove liens. First, you can pay the money claimed or negotiate a smaller amount to settle the claim. Once paid, make sure the discharge papers are filed. The second way to remove a lien is to go to court.

- **Before making the final payment** and signing a completion certificate or any other document that releases the contractor from further responsibility, make sure everything you have been promised is complete.
- **Any warranty covering the work should be supplied in writing.** The warranty should answer the following questions:
 - *Does it cover the materials supplied, the labour involved in the installation or both?*
 - *Who is supplying the warranty - the contractor or the manufacturer of the materials?*
 - *How long does the warranty last and is it transferable to new home owners in the event of a house sale?*
 - *When a contract has been solicited, negotiated or signed in your own home, the Direct Sales Cancellation regulation lets you cancel it in writing within ten days of receiving a copy of the contract. For more details on this and other regulations of the Fair Trading Act, call Service Alberta toll free at 1-877-427-4088.*



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