

Consumer Tips for Natural Disaster Victims



Attorney General Jeff Landry

Louisiana Department of Justice | Consumer Protection Section

Unfortunately, natural disasters attract con artists and scammers hoping to prey on people who are down on their luck. Attorney General Jeff Landry has compiled this booklet of tips to help protect the citizens of Louisiana from becoming victims of fraud, scams, or price gouging before, during, and after natural disasters. For more information about these and other consumer-related issues, please contact General Landry's Consumer Protection Section.

Consumer Protection Hotline

800 • 351 • 4889

Disaster Fraud Hotline

866 • 720 • 5721

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GUIDELINES & MODEL CONTRACT FOR HOME REPAIR CONTRACTING

If your home or property has been damaged by a natural disaster, you are probably in the market for a reputable and qualified contractor. One of the first and best sources to check is the Louisiana Licensing Board for Contractors at 800-256-1392 or www.lslbc.louisiana.gov whose duty it is to check and monitor contractors for the public. The Louisiana Licensing Board for Contractors can tell you if contractors are licensed or registered. The Better Business Bureau (www.bbb.org) in your area is also an excellent source of information. Natural disasters inevitably attract con artists who may overcharge, perform shoddy work and/or skip town with your money.

Attorney General Jeff Landry's Consumer Protection Section offers the following guidelines and the attached Model Contract as suggestions to help consumers avoid possible misunderstandings about home improvements. If you follow these guidelines and insist upon a written contract, some of the most common problems with home repair contractors might be avoided. If your contractor does not offer you a written contract, you should ask him to complete and sign the model contract form attached to these guidelines. If in doubt or if you are preparing to spend a lot of money, you should consult with a qualified attorney or check with your pre-paid legal service provider and review the contract **before you sign**.

Many people are hesitant to demand all of the suggested information for fear of losing the builder. If you have this same concern, just hand the builder this booklet and tell him/her, "Attorney General Jeff Landry said this information is essential."

1. **Get at least three estimates (bids).** Be certain each contractor bids on exactly the same work. If one contractor bids on more work than others, make a note of it. **All** bids should be itemized and detailed.
2. **Know with whom you are dealing.** Find out the contractor's address and verify it. Ask for and check references (previous customers, bank references, etc.). If possible, inspect work done for others. Make sure the contractor is licensed through the Louisiana Licensing Board for Contractors, which can be reached at **800-256-1392**. Before beginning any job – always require that the contractor show you proof of insurance, such as workman's compensation and general liability insurance. Otherwise, you may

unintentionally become the insurer for some or all potential risks. Also check the contractor's reputation with your local Better Business Bureau.

3. **Keep a signed, legible copy of the contract in a safe place.**
4. **Contact the name of the contractor's insurer.** Call the insurance company and verify that the contractor is insured and ask for what amount.
5. **A reputable contractor can usually charge building materials and does not normally require a large down payment.** Where a down payment is required, it should not exceed 10% to 25% of the total price. Have the materials delivered directly to your home/job site rather than the contractor's shop.
6. **Be specific.** Have samples, model numbers, pictures, or anything else that will show the contractor **exactly** what you want. If you do not specify the quality of materials in the contract, you are leaving it up to the contractor to decide what materials will be used.
7. **Be certain the materials you have selected are what you want.** Changing your mind in the middle of a construction project is costly. If you do change your mind, be prepared to pay extra.
8. **Get a guarantee in writing.** Any contractor not willing to guarantee his/her work is not someone with whom you should be doing business. Accept no verbal agreements. Any changes in the contract should be in writing and initialed by both parties.
9. **Specify in the contract a starting date and a completion date, the exact description of work to be done, the total cost of job, the exact schedule for payment, and the warranty or guarantee that can be expected.** (If contract is for an hourly rate or on a cost plus basis, get an **estimate** of the total cost.)
10. **Always pay by check or money order and keep a receipt.** Write all checks to the company, not the individual worker. Make sure all subcontractors are paid to prevent a lien from being placed against your property. **DO NOT PAY CASH.**
11. **Do not sign a certificate of completion or make final payment until you are satisfied with all work performed.** Save copies of all building materials receipts so you can be sure you received goods and services for which you paid. NOTE: Often on large projects – payment is based on portions of completed work, i.e. 25% of total payment is due when 25% of the work has been satisfactorily completed.

CHECKLIST

- | | |
|--|---------------------|
| ✓ Contractor's name, local address, and telephone number | ✓ Check references |
| ✓ Insurer's name, policy number, and amount | ✓ Written contract |
| ✓ Louisiana contractor's license number | ✓ Written guarantee |

MODEL CONTRACT

This model contract is distributed by Attorney General Jeff Landry's Consumer Protection Section. The Consumer Protection Section does not endorse or recommend any company or individual who might use this form.

Company's Name _____
Street Address _____
Mailing Address _____
Telephone Number _____

Buyer's Name _____
Address _____
Telephone Number _____

PROPOSAL:

Starting Date: _____

Completion Date: _____

ITEMIZED COSTS:

Materials: Type, Description, Quantity

Labor: Description

Total Cost: Material & Labor \$ _____
 Down Payment \$ _____
 Balance Due: \$ _____

(to be paid on satisfactory completion or schedule based on completed work)

WARRANTY/GUARANTEE:

LICENSE, REGISTRATION, INSURANCE (Optional/recommended: attach contractor license/registration information, workman's compensation, general liability insurance, etc.)

ACCEPTANCE OF PROPOSAL: The above prices, specifications and conditions are satisfactory and I accept them as written. Any additions to this proposal will be in writing and initialed by both parties.

Buyer's Signature _____

Seller's Signature _____

Date of Acceptance _____

Date of Acceptance _____

RECEIPT FOR CASH DOWN PAYMENT
(NOT TO EXCEED 25% OF TOTAL CONTRACT)

Received from _____

\$ _____

Date _____

Signature of Seller/Contractor _____

Price Gouging

- Price gouging occurs when someone charges exorbitant and unjustified prices for products or services during declared states of emergency.
- Price gouging is not attributable to verifiable market fluctuations and usually involves drinking water, food, batteries, and gasoline.
- Report suspected price gougers to your Sheriff or District Attorney and to Attorney General Jeff Landry's Consumer Protection Section at **800-351-4889**. You may also file a report at www.AGJeffLandry.com.
- When reporting price gouging, be sure to include the name and address or location of the merchant and the cost of the item or service. Also include your name, address, and telephone number so you may be reached if additional information is needed.

Fake Officials

- Some con artists portray themselves as government officials or insurance adjusters to obtain access into your home. This is a common ploy for burglars, identity thieves, and individuals selling expensive and unnecessary repairs.
- Many represent themselves as brokers who say they can obtain FEMA funds.
- Ask for identification and verify credentials of people offering low-interest government loans or requesting fees for services.
- Remember FEMA does not charge an application fee.

Contractors

- Get at least three estimates (bids) and make sure each contractor bids on exactly the same work. All bids should be itemized and detailed.
- Always require the contractor to show you proof of insurance such as workman's compensation and general liability insurance. Call that insurer to confirm coverage.
- Verify the contractor's address and ask for references of previous customers, inspecting work done for them when possible. Make sure the contractor is licensed through the Louisiana State Licensing Board for Contractors at www.lslbc.louisiana.gov.
- Do not agree to a large down payment. A reputable contractor will not normally require a down payment over 10% to 25% of the total price.
- If possible, accompany the contractor to the building supply store and pay for the materials yourself. And have the materials delivered directly to your home or jobsite rather than the contractor's shop.
- Get a guarantee and a contract in writing. Do not accept verbal guarantees or agreements. Any changes in the contract should be in writing and initialed by both parties. Keep a signed, legible copy of the contract in a safe place.
- Always pay by check or money order and keep a receipt. Write all checks to the company, not the individual worker.

Photographs

- Take pictures of home damage before repair work begins and as work on your home progresses.
- Take pictures of your contractors, their employees, their vehicle license plates, and the company names on sides of vehicles.
- Remember to save all pictures in a secure location.

Fake Charities

- Do not donate to any charity that asks for cash or wired donations and that does not provide proof your contribution would be tax-deductible.
- Search the IRS website to determine which organizations are eligible to receive tax deductible contributions at <https://apps.irs.gov/app/eos/>.
- Be wary of charities that arise immediately after a natural disaster.
- Learn more about a charity's trustworthiness on the Better Business Bureau's Wise Giving Alliance website at www.give.org.

Sham Rental Property

- Many con artists advertise rental property on social media sites, requiring the potential renter to wire money.
- When possible have someone visit the physical location of the advertised property.
- Never wire money or give out your bank account or credit card information over the phone or internet.
- Insist on a face-to-face transaction with a written rental agreement.

Pest Control

- Receding flood waters will bring out pests.
- Beware of free inspections that could result in unnecessary repairs and expenses.
- Get a second opinion.

Water Treatment Devices

- If you think your drinking water may have been affected by storms, contact the public health or water department before purchasing a water treatment unit.
- Be aware of unscrupulous companies selling water-treatment devices.
- Offers to test the tap water in your home for free are almost always a part of a sales promotion. Home water treatment is seldom needed for health protection and no single device can solve all kinds of water problems.
- If in doubt, boil your water vigorously for at least one full minute or drink bottled water until you can follow safe drinking water guidelines. Visit www.epa.gov for water safety tips.

Auto Repairs

- If your car was submerged or standing in over a foot of water for more than an hour, have the car checked out by a car dealer or a repair shop. Even if the car runs, there may be hidden damage that could pose serious problems at some later date.
- Be sure to get detailed, written estimates and keep copies of all receipts and invoices.
- If you are in the market to buy a used vehicle, inspect it carefully. Look at hidden parts or crevices to check for mud or silt, indicators of the car having water damage.

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