

V. Understanding Liens

- Liens: A lien is a financial hold, giving any subcontractors or suppliers the right to go to court to hold onto or even sell your property they just worked on – if they have not been paid by the main contractor. The fact that the owner has already paid the contractor is not a defense. Liens in some circumstances can force people to pay twice for the same work.
- Contractors, by law, must notify homeowners if they are subject to liens
- Get a lien release or waiver from each subcontractor and supplier.

VI. What To Do If You Are Not Happy with the Work

- Send a letter to the contractor with an explanation of the agreement, problem, and your demand or request.
- For claims over \$3,000 – hire a lawyer for District Court. You can go to Small Claims Court (SCC) if it is less than \$3,000.

VII. Filing a claim in Small Claims Court

- 1.Pick up a pre-printed form from the SCC clerk's office and fill it out. The SCC clerk is housed in the First City Court is at 421 Loyola Avenue, room 201, New Orleans, LA 70112, (504) 592-9155 ask for SCC. (You may have to file elsewhere if the contractor resides outside Orleans Parish or if the dispute (work) occurred outside Orleans Parish. Ask and the clerk will tell you.)
- 2.File the filled-out form with the SCC clerk and pay a nonrefundable \$75 fee for filing.
- 3.After filing the claim go to the Constable's office in room 208 of 421 Loyola ST and pay a service fee (\$20 for Orleans Parish and more elsewhere. Call (504) 523-3258 for service fee information.).

- 4.Call the Constable's office after three business days to find when notice was served.
- 5.Ten days after the defendant is served, call the SCC clerk's office to see if there has been an answer filed by the defendant.
- 6.If it has been more than 10 days since service and the defendant has not filed an answer, you may file for a default judgment. If the defendant has answered, call the SCC office weekly until you get a court date.

VIII. Trial

- Court fees may apply. If you can't afford them, you can request a waiver.
- Bring a lawyer (not a must for SCC).
- Bring all witnesses, photos, documents to trial. And show up for trial or you lose.

IX. Extra Resources

- Louisiana State Licensing Board for Contractors. Contracting questions hotline or complaints: 1-800-256-1392, or complaints@lslbc.louisiana.gov, or Websites: www.lslbc.louisiana.gov/hurricane_information.htm or www.lslbc.louisiana.gov/publiceducation.htm
- Report complaints to Contractor Licensing Board at 1-800-256-1392 or email at complaints@lslbc.louisiana.gov
- “What is a Mechanics Lien?” cobrands.business.findlaw.com/business_commercial/business_operations/source/faqs/faq432.html?operations/ca
- General info on home repairs, www.lawhelp.org/LA click on the “Housing”
- FEMA, “Hiring contractors”, www.fema.gov/news/newsrelease.fema?id=18496
- Secretary of State will have full names and address info for contractors: (225) 922-1000



HIRING CONTRACTORS & RESOLVING DISPUTES

Contractor disputes are a common post-Katrina complaint. This brochure contains information to help you hire a competent and responsible contractor, or help you deal with a problem. The information below will help reduce the chances of becoming a scam victim, paying too much, or receiving shoddy or unfinished work.

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Free Legal Clinic

Every Saturday from 12 -3 pm
1415 Franklin Ave (at North Robertson)
Call 504-717-7324 for more information.

Free internet, phone, fax is also available

I. Before you Hire the Contractor

- Make a list of all the work you need done
- Get estimates from 3 different contractors for the work. Ask for the cost of preparing the estimate. Not all estimates are free.
- To be able to compare the estimates - get a written itemized/detailed description of all work to be performed. If a contractor proposes deviations from other estimates, ask that they be presented as options.
- Get estimated start dates and completion.
- Get the names, STREET addresses (beware of contractors with just P.O. Boxes), phone numbers, and state contractor license numbers (see how to verify licenses in section III) of each contractor.
- Ask if the contractor will use any subcontractors. If the contractor is using subcontractors, get “lien releases” (see section V) from each subcontractor. Do not agree to the contract unless they give you copies of the releases.
- Get 3 references from past customers and check them.
- Ask for picture I.D. of the contractor.
- Require proof of General Liability and Worker’s Compensation Insurance. Without this insurance, any worker injury can result in a suit against you. Check that the name of the policy matches the name of the contractor.
- The contractor should acquire any necessary permits – if not, it may be a sign they are not licensed and are avoiding local authorities.
- Document every step of any work. Take before, during, and after photos; keep copies of all records, contracts, and notes of conversations.

II. What to Watch Out For

- Do not sign anything immediately, or give in to high pressure, or snap decision sales tactics without proper research. Beware of door to door, or ‘leftover materials from neighbors’ sales.
- Require a well written contract, never verbal agreements. The contract should include a list of work to be done, as well as cancellation and change order info. Review the contract. Ask a relative, friend, or legal advisor to review the contract if you are unsure. You can bring your contract to our **free legal clinic**, Saturdays, 12-3pm, Pauline and Clairborne intersection. For more info on the free clinic call 504-717-7324
- Beware of contractors who encourage you to spend a lot of money on temporary repairs. Ensure there is enough money for permanent repairs.

III. What to Check before Hiring

- Check if the business is registered** with and has a “company report” with at least a satisfactory reputation with the Better Business Bureau: (504) 581-6222, or website www.neworleans.bbb.org at 710 Baronne ST, Ste C New Orleans, LA 70113.
- Verify the Contractor is Registered, Licensed, or Mold Licensed** in Louisiana by one of two ways: Either by calling 1-800-256-1392, or by website www.lslbc.louisiana.gov/findcontractor.asp License requirements have not been waived because of hurricanes.
- If the repair will cost more than \$7,500 – the contractor must be “Registered” with the State of Louisiana.
- If the repair will cost more than \$50,000 – the contractor (or even the owner, if the owner is doing repairs) must be “Licensed” with the State of Louisiana.

•If the work involves Hazardous Material or Mold Remediation that costs more than \$1 – the contractor must possess a “Mold Remediation License” from the State of Louisiana.

IV. Paying a Contractor

- Never pay by cash, only use check or money order – something with a proof of record. Get a signed dated receipt if you must pay in cash.
- Never pay more than 10% to 30% or \$1,000 in advance – or whatever is reasonable for the size of the project - after delivery of initial materials.
- The down payment amount, amount and schedule of any payments, and final payment amount should be a written part of the contract.
- Only pay invoices for work completed.
- Avoid making the final payments or signing any final releases until all work is completed and you have verified any possible subcontractors or suppliers have been paid.
- Never give bank account, credit card, or social security numbers by phone.
- Follow the directions within the contract if you cancel. You have 3 business days to cancel a contract that is signed in your home or other place that is not the contractor’s permanent business address. The contractor has 20 days to return any money.
- It is best to secure a loan for work from a separate source, rather than through the contractor you will be using. Some contractors work with lenders who charge extremely high interest rates or fees. Any loan check should be made out to the homeowner, not the contractor.