**KNOW YOUR LEGAL RIGHTS**

**Protecting Yourself from Fraud During Home Renovations**

By Attorney Kevin Trost, Trost LLC

It is exciting to envision your house with a new deck, siding, roof, or three-season porch. However, choosing the wrong home improvement contractor could result in more headaches and problems than the project is worth.

While most home improvement contractors are honest, timely, and competent, a few contractors lack the skills for the job or are driven by the prospect of making quick money.

After the contractor’s work is finished, a homeowner may discover the work does not meet manufacturer specifications for warranty coverage or even begins to fall apart. Worse, the homeowner may be contacted by a subcontractor for payment as they were never paid by the hired contractor.

**Safeguards for homeowners**

Wisconsin law contains safeguards to help homeowners avoid hiring incompetent or untrustworthy contractors.

First, contractors working on one- or two-family homes, projects worth more than $1,000 or projects that require a building permit should be licensed by the State of Wisconsin.

Not only should homeowners ask any prospective contractors for proof of licensing, they should also ask for proof of commercial general liability insurance.

Second, contractors are required to provide a written contract if any payment is made before the work is performed. Additionally, while not against the law, it would be a red flag if a contractor required full payment in advance.

**Contracts**

Wisconsin law contains specific requirements for a contractor’s written contract. Specifically, a written contract should contain the following information:

* The total price for the project, including any finance charges;
* A full description of the scope of the project;
* A list of the materials to be utilized in the project, including the brand name, size, model, and quantity of materials;
* The starting date and completion date for the job; and
* An explanation of any warranties on labor, workmanship, or materials with any exceptions to the warranties.

**Subcontractors and Liens**

It is important to be aware that the contractor hired for a project may subcontract parts of the job to another contractor. Problems arise when the contractor, who has been paid in full, fails to pay the subcontractor.

Under Wisconsin law, the subcontractor has a right to take action to place a lien against a homeowner’s property for the value of the work and materials used for the job.

A homeowner may receive a notice of intent to lien document in the mail. This notice will advise that the subcontractor is still owed money for the job and, unless the subcontractor receives payment within thirty days, the company may file a lien against the property.

Prior to or at the time of payment for any completed work, it is important that a homeowner request lien waivers from all contractors, subcontractors, and material suppliers.

Receiving a signed lien waiver will prevent a contractor, sub-contractor, or material supplier from placing a lien against the property in the future.

In fact, Wisconsin law requires a home improvement contractor to give a homeowner a document titled “Notice of Consumer’s Right to Receive Lien Waivers.” This document contains important information about an owner’s right to receive lien waivers.

**Final Thoughts**

Another way to protect yourself when hiring a contractor is to check online reviews or check the [State of Wisconsin Circuit Court Access Program](https://www.wicourts.gov/casesearch.htm) (CCAP) for lawsuits brought against a prospective contractor by prior clients. A consumer may also request past client references from the potential contractor.

A homeowner who understands the rights and obligations provided by Wisconsin law is in a better position to select honest, timely, and competent contractors and thus avoid the pitfalls of hiring unprofessional or untrustworthy companies.

Kevin Trost is the founding attorney of Trost, LLC, and his legal practice includes resolving real estate disputes throughout Wisconsin. He is a member of the State Bar of Wisconsin’s Lawyer Referral and Information Service, which connects Wisconsin residents with lawyers throughout the state. Learn more at [wislaw.org](http://wislaw.org/).