



NSCB Consumer Alert



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BOARD TO HOMEOWNERS: BE CAUTIOUS OF UNLICENSED CONTRACTORS – LOWER PRICES LEAD TO LESS PROTECTIONS

HENDERSON and RENO, Nev. – The Nevada State Contractors Board (NSCB) is issuing a consumer alert to all Nevada homeowners seeking contractors for repair, maintenance, or installation services that require a contractor’s license. Service areas prone to unlicensed activity during the summer months, include, but are not limited to, the repair and/or installation of HVAC units, garage doors, sprinkler systems, and pools.

When homeowners contract with unlicensed contractors, they lose eligibility to file a claim with the Residential Recovery Fund, which was established to provide financial recourse to homeowners damaged by licensed contractors; they are more likely to be liable if the contractor is injured on the job, as unlicensed contractors may not carry workers’ compensation insurance; and NSCB is not able to offer it’s full range of investigative services if workmanship issues arise.

“We recognize that the cost and immediate need of a service significantly influences a homeowner’s decision when hiring a contractor, which is why the Board encourages homeowners to proactively research and identify licensed contractors in good standing before a need occurs,” said NSCB Executive Officer Margi A. Grein.

“Licensed contractors may not be the cheapest bid for a project, but compared to an unlicensed contractor, they offer substantially greater protections for the homeowner.”

Licensed contractors are required to display their five-digit contractor’s license number on their vehicle, contracts/bids, business cards, and advertisements. Unmarked cars or lack of direct contact information (local phone and mailing address) can be red flag warnings that you may be interacting with an unlicensed contractor. Additional warning flags may include high pressured sales tactics, too good to be true pricing on estimates, and claims of having “additional materials” on hand to help reduce the cost.

By law, unlicensed contractors may not perform work in excess of \$1,000, which includes labor and materials, or work that requires a building permit. The work may not include services relating to plumbing, electrical, HVAC, or refrigeration. Any consumer who receives a bid from an unlicensed contractor soliciting services in

these areas should report the information to NSCB's Unlicensed Contractor Hotline as soon as possible.

Northern Nevada Hotline – (775) 850-7838; Southern Nevada Hotline: (702) 486-1160.

Homeowners seeking contractors for home improvement services are encouraged to remember the following:

- Always hire a licensed contractor.
- Homeowners who hire unlicensed contractors are not eligible for the Residential Recovery Fund, which may award financial recourse up to \$35,000 if damages are incurred during the project.
- Unlicensed contractors have not passed trade and law exams, demonstrated financial responsibility, and may not carry worker's compensation insurance, which are all required of licensed contractors in Nevada.
- Always contact the Board with any questions or concerns *prior to* hiring a contractor. The Board can provide information on a contractor's license status, what classification of contractor's license may be required for a project, and address any other questions homeowner's may have.

NSCB encourages consumers looking for contractors to perform work to follow these ten tips:

1. Only hire licensed contractors.
2. Check the contractor's license number by utilizing our Online Contractor Search at www.nscb.nv.gov
3. Get three references and review past work.
4. Get at least three bids.
5. Get a written contract and do not sign anything until you completely understand the terms.
6. For pool contracts, pay 10% down or \$1,000 - whichever is less, if a deposit is required.
7. Don't let payments get ahead of the work. Keep a record of all payments.
8. Don't make a final payment until you are satisfied with the job.
9. Don't pay cash.
10. Keep a job file of all papers relating to your project.

Additional information for consumers is available on NSCB's website at www.nscb.nv.gov

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