



Home Renovations

This publication is intended to provide general information only and is not a substitute for legal advice.

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This tipsheet provides information about home renovation contracts in general as well as specific information about working with prepaid contractors.

Before you hire a contractor to do renovations or repairs to your home, do your homework.

GET WRITTEN ESTIMATES

Get written estimates from more than one business. Provide each business with a detailed description of the work you want completed and the materials you want the contractor to use.

A written estimate should include:

- A complete description of the work that will be done
- The type and quality of materials that will be used
- The project start and completion dates
- Itemized costs and the total price
- A statement of any guarantees made by the contractor
- The required method of payment.

Remember, an estimate is not a contract. If you accept an estimate, make sure your contract includes all the facts and promises stated in the estimate.

SIGNING THE CONTRACT

Verbal contracts are hard to prove. Always insist on a written contract.

The following checklist highlights information that should always be included in a home renovation contract. Check the section of this tipsheet on Working with Prepaid Contractors for requirements that apply to prepaid contracts.

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Contract Checklist

- A detailed description of the work to be done. Include blueprints if appropriate
- A statement of the type and quality of materials to be used
- A statement of any work that is to subcontracted (e.g. plumbing and wiring)
- A statement that identifies who is responsible for getting all necessary permits and ensuring that inspections and approvals by local authorities will be done at the proper times. The homeowner is ultimately responsible for making sure necessary permits are in place before work starts
- A statement that all work will be done according to local codes
- A statement that the contractor is responsible for removing all debris as soon as construction is completed
- A clearly itemized payment schedule including any holdback provisions under the *Builders' Lien Act*
- A statement of all warranties explaining what is covered, for how long and what will be done if there are problems
- A Certificate of Insurance showing the contractor's public liability and property damage insurance
- If the renovations involve a substantial amount of money, you may want to consider additional protection such as a performance bond in the event the contractor fails to complete the work
- The contractor's Workers' Compensation Board number
- A statement outlining any cancellation rights
- A statement outlining how problems will be resolved
- Your signature and that of the sales representative

Any blank spaces on a printed form should be filled in with NA (not applicable) or NIL (nothing). Strike out anything you don't agree with and make sure you and the contractor initial the change. You can also ask that the contract be rewritten. To ensure you are protected, consider having the contract reviewed by your lawyer.

Once you sign a contract, it's legally binding. Be certain you and the contractor have agreed on the details of the work to be done, the materials to be used and the timing of the project before you sign.

Changes to the contract

Make certain that any changes to the contract have your written approval and a signed statement from the contractor giving the increase or reduction in cost. If you are financing the work with a loan, find out if someone from the financial institution must also approve any changes.

Paying for the work

The formal payment schedule should be clearly outlined in the contract. Most contractors will ask for a deposit or down payment. Find out if this is refundable and if so, under what conditions.

Contractors may also want interim or progressive payments after specific work is completed. Make sure the details – exactly what will be done and how much is to be paid – are part of the contract. Insist on a signed receipt for every payment.

Before declaring the job or part of the job is finished, meet with the contractor to inspect the work carefully. Wait until everything you have been promised is completed to your satisfaction before making the final payment or signing a completion certificate or any other document that releases the contractor from further responsibility.

Liens

Be aware that suppliers or subcontractors may have the right to register a lien on your property if they are not paid for their work or materials. A lien is a notice claiming a right to be paid from the value of your property. Provisions of Alberta's *Builders' Lien Act* may help you to protect yourself. For details, obtain a copy of the *Builders' Lien Act* from the Queen's Printer website at www.qp.gov.ab.ca or call toll-free in Alberta 310-0000 followed by 780-427-4952. Consult a lawyer for advice if you find that a lien is registered against your property.

Make certain that any changes to the contract have your written approval and a signed statement from the contractor giving the increase or reduction in cost.

WORKING WITH PREPAID CONTRACTORS

Special regulations under the *Fair Trading Act* apply to contractors in Alberta who

- accept money before work is complete; and
- look for work, discuss or finalize a contract away from their normal place of business (e.g. in your home).

These contractors are considered prepaid contractors. A prepaid contractor must be licensed by Service Alberta and post security. If the business is negligent in performing its services or providing the goods, an affected consumer can submit a claim against the security.

Check with Service Alberta to find out if a contractor is licensed as a prepaid contractor. Call the Consumer Contact Centre toll free in Alberta 1-877-427-4088 or in Edmonton, 427-4088. You can also check our website www.servicealberta.ca.

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Prepaid contract requirements

If a prepaid contract is worth \$200 or more, the *Prepaid Contracting Business Licensing Regulation* requires the contractor give you a written contract that includes:

- Full names and addresses for you, the contractor and, if applicable, the salesperson
- The contractor's telephone number and fax, if applicable
- The date and place of the contract
- A detailed description of the quality or type of materials to be used and the services and work to be carried out under the contract
- Itemized prices for all goods and services
- The completion date of the services to be provided
- A statement of your cancellation rights
- The total price of the contract and the terms of payment
- The delivery date for the goods and the commencement date for the services as well as the date when all services will be completed and goods provided
- Full cost-of-credit disclosure including details about any security taken for payment
- Your signature and the signature of the business's sales representative.

The contractor must give you a copy of the written contract at whichever of these times comes first:

- On or before the date the work begins
- Within 10 days after you sign the contract.

Cancelling a prepaid contract

When a written contract has been solicited, agreed upon or signed at your home or at another location away from the contractor's normal place of business, the *Fair Trading Act* allows you to cancel the contract up to 10 days after you receive your copy. You do not have to give a reason for cancellation.

To cancel, you must deliver your notice by any method (personal service, fax, registered mail, courier) that allows you to prove the date of your notice. The notice can be sent to the address on the contract. If you did not receive a copy of the contract or there is no address for the business, you can deliver your notice to any address of the business known by you, the address of the salesperson or any address on record with the government. The legislation also states that if you give notice other than by personal service or verbally, your cancellation is deemed to be given on the date it was sent. Keep a copy of your notice.

You may keep goods that have been delivered to you under the contract until the contractor refunds your money or returns any trade-in you may have given as part of the agreement. The contractor must provide you with a full refund within 15 days of your cancellation notice. After you have received your refund, you should allow the contractor to pick up the goods and the business should remove them within 21 days of cancellation.

If the work started before the end of the 10-day cancellation period, you are still allowed to cancel the contract. However, the contractor has the right to ask that you pay a reasonable amount for the work that was done up to the time you cancelled. The contractor must refund your money before asking you to pay for the services already provided.

Note: If a prepaid contractor's contract is covered by the National Home Warranty or Alberta New Home Warranty, the contractor is not required to be licensed by or to provide a security to Service Alberta. However, cancellation rights and disclosure requirements under the legislation still apply.

Extended cancellation rights

Your cancellation rights can be extended for up to one year from the date the prepaid contract was signed if

- the contractor was not licensed when you signed the contract
- the sales contract did not include all the information listed in Section 35 of the *Fair Trading Act*, including the required cancellation statement
- the goods were not provided within 30 days of the delivery date specified in the contract or an amended date that both you and the seller agreed to in writing
- the services were not started within 30 days of the delivery date specified in the contract or an amended date that both you and the seller agreed to in writing.

Note: If you accept delivery of goods or authorize services after the 30-day period, you cannot cancel the contract.

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IF YOU HAVE PROBLEMS

Sometimes things can go wrong despite your best efforts.

If the completion date passes or it seems that the contractor has abandoned the job, start by sending a registered letter to the contractor. State the date you expect the contractor to finish the job and inform the contractor that if the deadline is not met, you will hire another contractor to finish the work using the money remaining from the original contract. Do this only after you have received an estimate from another contractor.

Other options for handling problems include:

- Following the dispute resolution process outlined in your contract, if applicable
- Registering a complaint with your local Better Business Bureau
- Making a written report to your municipal inspection department if you believe work does not meet Building Code standards.

You may have to consider legal action for compensation if you are unable to resolve your dispute with the contractor. More information on the civil claims process is available at www.albertacourts.ab.ca.

Contact Service Alberta if the job was misrepresented, the supplier defaulted on a prepaid contract or if you suspect the business is not following the requirements of the *Fair Trading Act*.

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