

How to Improve Your Home

Without Losing Your Shirt



What you need to know before
writing a check...breaking ground...or
otherwise disrupting your life in the quest
for home improvement.

MCRC The Voice For Maryland Consumers
MARYLAND CONSUMER RIGHTS COALITION

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The Maryland Consumer Rights Coalition (MCRC) is a nonprofit organization that advances and protects fairness and justice for Maryland consumers through research, education, and advocacy. For more information, see www.marylandconsumers.org.

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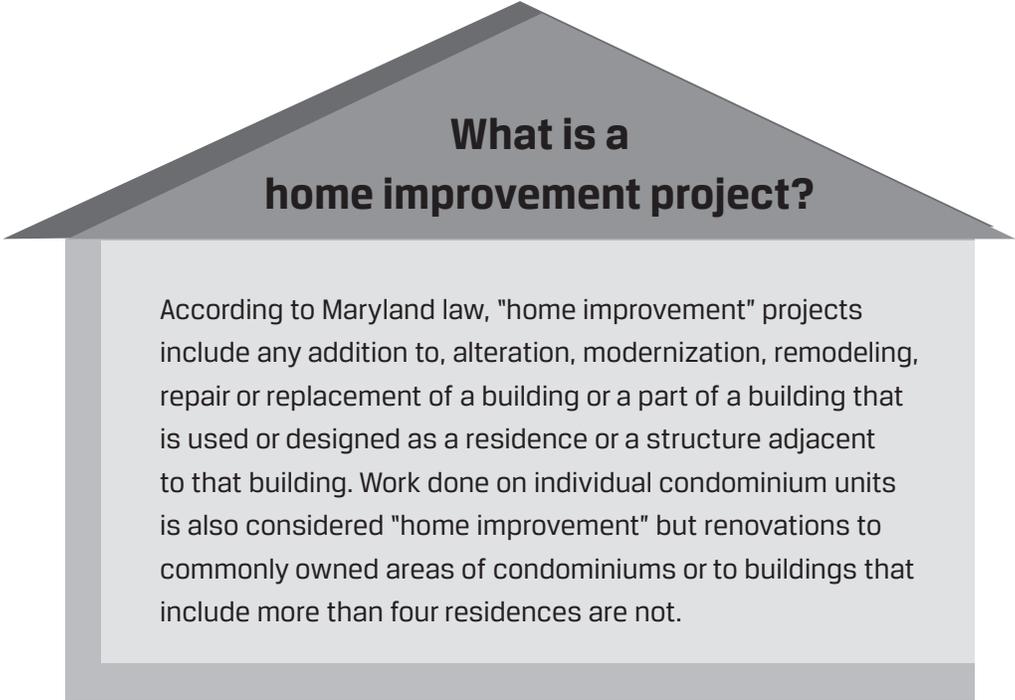
Many people buy a house planning to fix it up and turn it into their dream home. Yet every year that dream turns into a nightmare for thousands of Marylanders who hire

contractors to renovate their homes only to have their lives turned upside down by cost overruns, missed deadlines, shoddy or unfinished work, and fraud that can cost families tens of thousands of dollars.

Many home contractors are responsible and reputable business owners. But the bad guys are often experts at conning homeowners out of their savings. So how do you keep your home renovation dreams from becoming a nightmare? Caution is the key and information is your best defense.

Be careful. Be watchful. Be aware of your rights. Be on guard for warning signs of a scam.





What is a home improvement project?

According to Maryland law, "home improvement" projects include any addition to, alteration, modernization, remodeling, repair or replacement of a building or a part of a building that is used or designed as a residence or a structure adjacent to that building. Work done on individual condominium units is also considered "home improvement" but renovations to commonly owned areas of condominiums or to buildings that include more than four residences are not.

Step 1: Before You Break Ground

Plan Carefully. Start by thinking carefully about the work you want done and what you can afford. Research the kind of jobs you're interested in, the cost of the materials involved, and the amount of time the project should take. Create a realistic budget for the job. If you can't afford the project, scale it back or postpone it.

Shop Around. Don't hire the first contractor you find. Take time to shop around. Good contractors are usually found by word of mouth. Talk to friends, neighbors, and colleagues who have done similar projects. Be very careful about hiring contractors you find on the Internet. Many homeowners have had bad experiences with contractors hired through on-line sites. Be especially wary of contractors who go door-to-door or pass out flyers offering you a discount if you hire them right away.

Remember:

Never hire an unlicensed home improvement contractor. It is illegal to act as a home improvement contractor, subcontractor, or salesperson in Maryland without a valid license. Licensed contractors must display their MHIC license number on their ads, signs, vehicles, and contracts. Call the MHIC at 410-230-6309 or 1-888-218-5925 or check its web site at www.dllr.state.md.us/pq to confirm that the license number is valid.

MHIC can also tell you if it has complaints on file against the contractor.

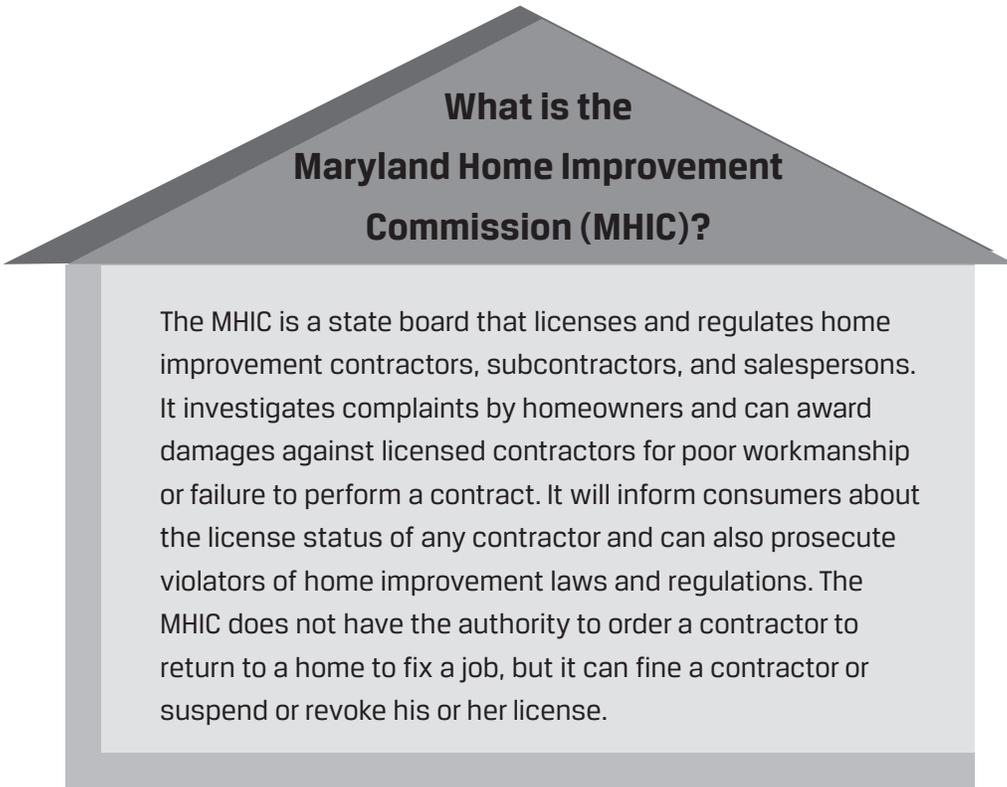
Get Estimates. Get at least three written estimates, especially if your job is a big one. Make sure the estimates are as specific as possible and cover issues such as the materials the contractor will use, how long the work will take, and who will clean up after the job is done. Make sure the specifics of the proposals are as similar as possible so that you can make an "apples to apples" comparison.

Don't Automatically Go with the Lowest Bid. Remember that quality work and materials don't always come at the lowest price and that a bid that is much lower than other bids can be a warning sign of a scam.

Get References. Ask candidates for references and call those references, keeping in mind that the references you are given are likely to speak well of the company. Ask what was done well and done poorly, whether the project was completed on time and on budget, and whether former customers would hire that contractor again. Try to visit sites where the contractor has worked to see if you like the results. Some jurisdictions also have websites that list the projects contractors are currently doing.

Stay in Touch. Get contact information for the contractor's suppliers and subcontractors and find out if they have been paid on time and in full for past work. Remember that unpaid subcontractors can sometimes put a lien on your property, even if you have paid the general contractor everything you owe.

Check the License. Carefully check the contractor's license number and record. Every licensed Maryland contractor must prominently display his/



What is the Maryland Home Improvement Commission (MHIC)?

The MHIC is a state board that licenses and regulates home improvement contractors, subcontractors, and salespersons. It investigates complaints by homeowners and can award damages against licensed contractors for poor workmanship or failure to perform a contract. It will inform consumers about the license status of any contractor and can also prosecute violators of home improvement laws and regulations. The MHIC does not have the authority to order a contractor to return to a home to fix a job, but it can fine a contractor or suspend or revoke his or her license.

her license number from the Maryland Home Improvement Commission. You can call MHIC at 410-230-6309 or 1-888-218-5925 or check its web site at www.dllr.state.md.us/pq to find out if that number is valid and if MHIC has complaints on file against the contractor. You can also call the

Consumer Protection Division of the Maryland Attorney General's Office at 410-528-8662 to check for complaints against the contractor. Consumers in Howard and Montgomery counties should also check with the consumer protection offices in those counties.

Consumers can also search the records of Maryland courts to find out if there have been legal judgments or court cases filed against the contractor. You can search the Maryland Judiciary Case Search at <http://casesearch.courts.state.md.us/inquiry/inquiry-index.jsp>

Proof of Insurance. Ask the contractor to show you proof that he or she has adequate liability insurance. Each licensed contractor must have at least \$50,000 of general liability insurance and a certificate of insurance to document that coverage. This insurance generally covers damages or injuries to other people who may suffer harm on your property during your home improvement project but it does not cover damage to your property caused by poor workmanship or incomplete work. Your own home insurance may cover some damage caused by a contractor's mistakes but it usually won't cover the costs of poor workmanship.

Permits may be Required. In Maryland, the contractor is responsible for all permits but different local jurisdictions have different rules about what kinds of work require a permit and how permits are issued. Visit your local jurisdiction's website or call your local government to get a basic understanding of what permits are required and make sure your contractor understands and respects local permit rules and practices. Failing to comply with them can result in a Stop Work order that delays your project.

If you are a member of a homeowner's association or a common ownership community, you should also check with the association about whether your renovation plans violate the association's rules before you break ground.

Remember:

The fact that a contractor displays a license number is no guarantee that the license hasn't lapsed or been revoked. Call the MHIC or visit its website to make sure the contractor is in good standing and that the license actually belongs to the person you are dealing with. Some unlicensed contractors use real license numbers that belong to other contractors to defraud consumers.

Questions to Ask Contractors

- 1 Can I see your MHIC license card?
- 2 Can I see your general liability insurance certificate?
- 3 Where have you done a project similar to mine?
- 4 Can I get contact information for clients and homeowners you have worked with in my community?
- 5 Can I contact your suppliers?
- 6 What subcontractors will be part of your work on my project?
- 7 Do you know what permits you'll need to get for this job?
- 8 How can I reach you quickly if I have a problem with the work your firm is doing?
- 9 How have you handled contract disputes in the past?
- 10 Will you require me to sign a contract that mandates that any disputes go to arbitration?
- 11 How will the project affect my household's daily routines?
- 12 Who will clean up the site after the work is done?
- 13 What percentage of your projects are finished on time and on budget?

Step 2: Proceed with Caution



Steps to avoid scam artists

Year after year, homeowners lose millions to contractors who do poor-quality work, conduct unnecessary repairs or simply take their money and disappear. That's why it's important to look carefully for signs of a scam. Scammers are often experienced con artists who know how to gain your trust and take you to the cleaners. To protect yourself, you need to keep your wits about you, be skeptical of the pitches you hear, and proceed with caution.

While there is no foolproof way to avoid becoming a victim, knowing some of the warning signs of scams and the ways to protect yourself can help safeguard your property and your savings.

Never Work with an Unlicensed Contractor. It is a crime to work as a home improvement contractor, subcontractor, or salesperson in Maryland without a license. Yet unlicensed contractors defraud Marylanders out of millions of dollars each year. Many have criminal records and a history of defrauding homeowners. Consumers who have claims for shoddy or incomplete work against unlicensed contractors must bring a private lawsuit to get compensation. Such lawsuits can be expensive and time-consuming. If the unlicensed contractor is based in another state, as is often the case, it is very difficult, if not impossible, to win compensation.

Watch Out for Roving Con Artists. Don't trust people who appear at your doorstep offering to fix your roof, clean your gutters or pave your driveway, even if they seem honest. These scam artists often appear after storms or

tornadoes, offering to repair the damage at a cut-rate price. They may say they're "licensed and bonded" but this is often a sign of a scam – insurance firms usually don't issue performance bonds for this kind of work. They may have no MHIC license number posted or they may post a fake number – check with the MHIC to see if the license number they show you is valid.

Be Skeptical of Special Offers. Unscrupulous contractors often offer special discounts. They may say they can save you money on work because they're in the area and happen to have materials left over from another job. They might offer you a special price because they live nearby or if you pay in cash up-front. Such offers are often signs of a scam. Corrupt contractors will sometimes bait you with what sounds like a sweet deal and then switch gears to demand more money. Sometimes they'll say they've discovered that the job is bigger than expected and refuse to finish unless they get more money. Sometimes an unscrupulous contractor will just take your money and disappear.

Reject High-Pressure Tactics. Don't give in to scare tactics and threats. If a contractor tells you that your furnace is about to blow up or your water is unsafe to drink, it's usually a good idea to get a second, and even a third, opinion.

Avoid Contractors Who Can't or Won't Document Their Record. Insist on proof that your contractor is licensed and insured. Avoid contractors who can't produce proof. Don't trust contractors who ask you to pay for materials up-front. Reliable, established contractors should be able to purchase their own supplies, on credit if necessary.

Paying the Bill. Wait until the work is done and approved by your local jurisdiction (if necessary) to pay the final bill. Don't finish paying for the job until the work is complete and you can inspect it. The more of the bill you can withhold until the final payment, the safer you will be.

Insist on a Written Contract. Make sure that you have a written contract for any project. If you don't have a contract, it will be very difficult for you to recover any losses if the project goes badly. In most cases, Maryland law gives you three days to cancel a home improvement contract you've signed. Be wary of any contractor who asks you to waive your right to cancel.

Step 3: Crafting the Contract

Once you're ready to work with a contractor, you'll need a contract that defines the scope and cost of the work and protects your rights. A contract may lead to a lien on your property. Don't agree to any terms you can't fulfill or sign any contract you don't understand. If you need help understanding the contract, consult an attorney.

Insist on a Clear Contract. The contract should be as clear and specific as possible and should anticipate the possibility that either you or your contractor may not live up to its terms. Any amendments or change orders for additional work or work that differs from what the original contract calls for should be in writing and must be signed both by you and your contractor.

Contract Requirements. Maryland law requires home improvement contracts to include the name, address, and license number of the contractor and any salespeople involved in the deal. Contracts must also include contact information for the MHIC and a notice of the rights and protections it provides consumers. The contract must describe the home improvement work to be done, the materials to be used, the approximate dates for the work and the costs and fee schedule. Contracts must be in writing, legible, and signed by each party to the agreement. The homeowner must receive a copy of the contract before the work begins.

These are the Basic Requirements. You may also want to add stipulations about how the contractor will be paid, who is responsible for installing appliances, what penalties will be assessed for work delays, and how you will get copies of local agency inspection reports and Stop Work orders.

Remember:

Under Maryland law, a home improvement contractor can accept no more than 1/3 of the cost of a renovation project as a deposit and can accept no money before a contract is signed. But you are free to negotiate a smaller deposit and to negotiate the rest of the payment schedule. Reputable contractors generally don't demand full payment until the job is done, local inspection officials have approved the work, and the homeowner can inspect it.

Deposits and Payment Schedule. Maryland law forbids contractors from taking more than $\frac{1}{3}$ of the job fee as a deposit or from taking any fees before the contract is signed. But you are free to try to negotiate a smaller initial payment, and that is often a good idea, especially if you're doing a large and expensive project. You are also free to negotiate the rest of the payment schedule. Try to keep the payment schedule closely tied to the progress of the work. Do not pay for the whole job until the work is done.

Right to Cancel. In Maryland, most home improvement contracts are also covered by the Maryland Door-to-Door Sales Act, which gives you the right to cancel the contract within three business days of signing it. Any contract covered by this law must include a notice of your right to cancel and instructions on how to cancel. If you do cancel your contract, the seller must return your deposit within 10 business days of receiving notice of cancellation.

If you borrow money to finance your home improvement project, and that loan is secured by a possible lien against your property, you also have three business days to cancel the contract you've signed. Contracts that can create a lien must include a notice informing you that you can lose your property if you don't pay your debt and that you have the right to cancel within three days. Be sure to think carefully about how much the project is likely to increase the value of your property and whether the investment will help or harm your financial situation before borrowing money to fund a renovation project.

Financing for Home Improvement. Be wary of home improvement contractors who offer to arrange loans or financing for your home improvement work. Your bank or another lender may offer better terms, so it's a good idea to shop around. Shady contractors have also been known to talk homeowners into signing loan papers that create an additional mortgage on their homes.

Mandatory Arbitration. Many home improvement contracts now also include mandatory arbitration clauses. If you sign such a contract, you may give up certain rights, including the right to go to court or to have a Guaranty Fund hearing before the MHIC if a dispute arises with your contractor. A contract that includes a mandatory arbitration clause must disclose who will conduct the arbitration, what fees will be charged for the arbitration, and whether the arbitrator's findings are binding. If your contract contains a mandatory arbitration clause, any damage claims

you make against the MHIC's Guaranty Fund will be put on hold until the arbitration procedure is completed. If the contractor prevails in the arbitration hearing, the MHIC will dismiss your damage claim.

Remember:

The Maryland Home Improvement Commission (MHIC) Guaranty Fund provides some protection against shoddy or incomplete work by licensed contractors. But the maximum a homeowner can be reimbursed for shoddy or incomplete work is \$20,000. The most the fund will pay for damages caused by the work of any single contractor is \$100,000, no matter how many homeowners that contractor has harmed. If your renovation project will cost more than \$20,000, consider asking your contractor for a performance bond to insure the full value of the work. The contractor may add the cost of the bond to your contract but that investment could save you tens of thousands of dollars if the project goes badly.

Step 4: Keeping the Project On Track

Once you have a signed contract, the work can begin. Your new job is to actively monitor the progress of the project and keep clear records of the work.

Monitor the Work. Try to personally monitor the work. If you can't be home during work hours, find someone you trust to check on the work. Keep a record of the work done each day. Don't let the contractor and subcontractors have complete run of the house in your absence.

Your local jurisdiction may require that a notice about the project and the permits it requires be posted on your property. Be sure that this is done.

Set a Schedule. Have a clear timetable for the work. If the project isn't unfolding on schedule, ask the contractor about the delay. Consider postponing scheduled payments if the delays continue. Inspect the work as it is being done. If the work looks shoddy or something looks wrong to you, speak up about your concerns.

Take Pictures of the Work in Progress. Pictures can help document any complaints about the work you might later want to file.

Prepare a Project File. Maintain and update a project file that contains all important documents concerning the project. The file should include the contract, project plans, information about and warranties for the materials and machines installed, correspondence about the project, bills, and payment records.

Remember that You're the Boss. You are always free to cancel the contract and stop the work. Your home is still your home, and you are in charge. But canceling a contract can have legal and financial consequences, so consider the implications and consult an attorney before taking that step.

You can also try to resolve any conflicts in a more cooperative way through mediation. The MHIC runs a free, voluntary mediation program in partnership with Community Mediation Maryland and the University of Maryland School of Law's Mediation Clinic.

What is mediation?

In a mediation, the contractor and the homeowner meet with a neutral third-party mediator who helps resolve the dispute on terms the parties can accept. The process is confidential, voluntary, and free of charge, and it is up to you whether you agree to a settlement.

A mediation can usually be scheduled within one to two weeks, at a time and location convenient to you (including evenings and weekends). A mediation is conducted by a trained, independent mediator from Community Mediation Maryland or from the University of Maryland School of Law. Community Mediation has centers in 17 counties around the state and conducts hearings at many sites. Sessions generally last two hours and most disputes are resolved in one or two sessions, but the parties can decide how many times they want to meet.

If the contractor doesn't live up to an agreement you reach in a mediation process, you are free to re-open your complaint in court or in a hearing before the MHIC.

Mediation can often save you the hassle and expense of going to court or pursuing an administrative hearing before the MHIC. And the biggest advantage of mediation may be that, while the MHIC usually can only punish or fine contractors, in a mediation you and your contractor can often sit down and reach an agreement under which the contractor agrees to fix or repair the work to your satisfaction.

The MHIC makes referrals to its mediation program. But you are also free to contact the program on your own. For more information about mediation, contact Community Mediation Maryland at 410-553-0206 or www.marylandmediation.org or contact the University of Maryland School of Law's Mediation Clinic at 410-706-3295 or by writing cdrum@law.umaryland.edu.



Lien Releases. If subcontractors are involved in your project, consider asking your general contractor to provide lien releases for their work. Maryland law requires subcontractors to notify you within 120 days after their work is complete if they seek a lien on your property but a lien release gives you additional protection.

Keep the Leftovers. You are entitled to keep any leftover materials or supplies for the project you have bought or been billed for or to receive a credit for them if you turn them over to the contractor. If you paid for the supplies, they belong to you, not to the contractor.

Don't Write the Final Check Until the Work is Done. Resist any pressure you might get from the contractor to complete the payments before the work is done. Be sure that you inspect the work carefully before you make the final payment or sign any certificates that declare the work complete.

Always remember that your home is your home—
and you are in charge!

Complaints, Damage Claims & Final Steps

If you have complaints about the work or a dispute that you can't resolve with your contractor through mediation, you can file a complaint with the MHIC against a licensed contractor, subcontractor, or salesperson as well as file a damage claim against its Guaranty Fund.

File a Complaint. You can obtain a complaint form by calling the MHIC or by downloading one from its website. To file a complaint, complete the form and submit it along with your contract, proof of any payments you have made to the contractor, copies of your correspondence with the contractor, pictures or experts' reports or other documentation of problems with the work by mail or by hand to the MHIC at 500 N. Calvert Street, Room 306, Baltimore, MD 21202.

What a Complaint Can Do. Although filing a complaint may help punish the contractor, it won't repair damage to your property or reimburse you for any losses. Filing a complaint triggers an investigation by the MHIC to determine if the contractor violated state home improvement laws. If the MHIC finds the law has been violated, it can fine a contractor up to \$5,000 per violation or suspend or revoke his or her license. MHIC cannot order a contractor to fix a job or repair your property to resolve a complaint. In some cases, however, the contractor may agree to reimburse the homeowner for damages to settle the complaint or to avoid a formal hearing on it.

File a Claim. In most cases, you will need to file a separate claim with the MHIC's Guaranty Fund to recover any losses you've suffered. You can obtain that form from the MHIC official who investigates your complaint.

What to Expect from the Claim Process. Guaranty Fund claims must be filed within three years of the date you discover the loss or damages caused by a licensed contractor. If your claim is for more than \$5,000, an administrative hearing is required. Under Maryland law, the burden of proof is on the

consumer. That means that you will have to prove to the administrative law judge who conducts the hearing that you have suffered damages and are entitled to compensation from the fund. The hearing process, and possible appeals, may take two years or longer to complete.

Keep Good Records. The administrative judge will only consider evidence presented at the hearing itself and will not have any letters, bills, reports, or other documentation you may have submitted to the MHIC during the investigation of the complaint. So be sure that you keep copies of all of that documentation and submit them to the judge at the hearing. You also have the right to hire your own expert to inspect your property and testify for you at the hearing, even if the MHIC has had its own expert inspect the work.

The maximum damage award any individual consumer can receive from the MHIC Guaranty Fund is \$20,000.

Conclusion



Home improvement projects require planning.

Homeowners read books, measure rooms, clip photos, and collect paint chips and fabric swatches when envisioning their renovation project. To turn those dreams into reality, homeowners need to take the same care in planning the costs of their projects, selecting their contractors, avoiding scam artists, and crafting a clear contract.

Appendix A

Home Improvement Contact Information

Organization	Phone	Website	Address
Maryland Home Improvement Commission	410-230-6309 1-888-218-5925	www.dllr.state.md.us/pq	500 N. Calvert Street Baltimore, MD 21202
Consumer Protection Division, Office of the Attorney General of Maryland	410-528-8662 1-888-743-0023	www.oag.state.md.us/consumer/offices.htm	200 St. Paul Street 16th Floor Baltimore, MD 21202
Howard County Office of Consumer Affairs	410-313-6420	http://consumer.howardcountymd.gov	6451 Columbia Gateway Drive Columbia, MD 21046
Montgomery County Office of Consumer Protection	240-777-3636	www.montgomerycountymd.gov/ocptmpl.asp?url=/content/ocp/index.asp	100 Maryland Avenue Suite 300 Rockville, MD 20850



Appendix B

Glossary of Key Home Improvement Terms

Arbitration - bringing a business or contract dispute before a neutral third-party for resolution. The arbitrator hears the evidence from the parties and makes a decision. In a binding arbitration, that decision is legally binding on the parties.

Bonded - holding a bond that will pay damages, up to the maximum value of the bond, if the contractor fails to provide promised services or to complete a contract.

Breach of Contract - failing to perform any term of a written or oral contract without a valid legal excuse.

Change Order - written order from a homeowner directing the contractor to change the requirements, timing, or cost of a contract.

Draw - An authorization to a bank or financial institution to withdraw money from your account to pay for home improvement labor and materials.

Fixed-price Contract - agreement that stipulates a fixed price for the job. Such a contract leaves most of the risk of cost overruns to the contractor.

Insured - covered by an insurance policy that will pay medical and other expenses if an injury occurs during the work on your property.

Lien - a legal claim that can entitle a creditor to compel the sale of the property to pay an unpaid debt. Contractors, subcontractors, and materials suppliers can petition Maryland courts to put a lien on your property for unpaid renovation debts. Even if you have paid the general contractor everything you owe, a subcontractor or supplier the general contractor has failed to pay can put a lien on your property. Under Maryland law, contractors or subcontractors must file a notice of intent to file a lien within 120 days of finishing their work and file a petition with the court within 180 days. Once a lien is established by a court, its value generally must be paid before the property is sold.

Mediation - attempt to settle a legal dispute by having a third-party mediator, working with the parties to the dispute, develop a solution that is acceptable to everyone. A mediator cannot mandate a settlement unless the parties approve it, unlike an arbitrator, who can impose a decision on the parties.

Performance Bond - a bond issued by a bank or insurance company to guarantee that a contractor will satisfactorily complete a project.

Substantial Completion - point at which the project is sufficiently complete that the owner can occupy the premises and use them for their intended purpose.

Stop Work Order - a client's formal notice to a contractor to stop work on a project or an order from local authorities to stop work because the project is in violation of the law.

Appendix C

Model Home Improvement Contract

The Buyer is entitled to receive a completely filled-in copy of this contract, signed by both you and the contractor, before any work may be started.

Home Improvement Contractor

Name: _____
Address: _____
Phone: _____
MHIC License No: _____

Home Improvement Salesperson

Name: _____
Address: _____
Phone: _____
MHIC License No.: _____

Each home improvement contractor, salesperson, and subcontractor must be licensed by the Maryland Home Improvement Commission. To verify that a contractor, subcontractor or seller is licensed, contact the MHIC at 410-230-6309 or through its website at www.dllr.state.md.us/pq

Project Purchaser

Name: _____
Address: _____
Phone number: _____
Project Address: _____

If any money you borrow for this project is secured by an interest in your residential real estate, please note: This contract creates a mortgage or lien against your property to secure payment and may cause a loss of your property if you fail to pay the agreed amount. You have the right to consult an attorney. You have the

right to rescind this contract within 3 business days after the date you sign it by notifying the contractor in writing that you are rescinding the contract.

Buyer's initials: _____

I. Parties

This contract is entered into on _____ day of 20____ by and between _____ ("Buyer") and _____ ("Contractor"). Buyer and Contractor agree to the following:

II. General Scope of Work

The Contractor shall perform all work and provide all labor, supervision, materials, and equipment described below to complete in a good and effective manner the following project:

III. Description of Materials and Equipment

Include quantity, quality, brand, model number, identifying features, and price of materials and equipment.)

Materials/Equipment

Price

Choose one:

_____ All/some of the materials/equipment used will be supplied by the Contractor according to the attached plans and specifications dated _____ that have been signed and acknowledged by the Buyer and the Contractor.

_____ The Buyer will supply the materials/equipment according to the attached plans and specifications that have been signed and acknowledged by the Buyer and the Contractor.

Note: If the Buyer supplies materials and equipment, those expenses are not eligible for reimbursement from the MHIC Guaranty Fund if the project is done poorly.

IV. Subcontractors

List all subcontractors, plumbers, electricians who will be part of the work with their names, address, phone numbers, license numbers, and a description of the work they will provide

v. Contract price

\$_____

The Buyer shall pay the Contractor the fixed sum of \$ _____ (in dollars and cents) for the work to be performed under this contract.

Note: The maximum cost the MHIC Guaranty Fund will reimburse if the job goes badly is \$20,000. If your project will cost more than that, you can ask your Contractor to purchase a performance bond that will ensure the full value of the work.

VI. Progress Payments and Schedule

Deposit: When the contract is signed by both parties, the Buyer shall pay the contractor a deposit of:

\$ _____

Maryland law prohibits a deposit that is more than one-third of the total value of the contract but does not require such a deposit.

Progress payments

All payments are subject to a site inspection and approval of work by the Buyer.

<u>Work or service performed</u>	<u>Amount Due</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Final payment

When all work is complete the buyer will pay the contractor:

\$ _____

<u>Financing Charges</u>	<u>Amount Due</u>
_____	_____

VII. Commencement and Completion Schedule

Work will begin on _____ (date). The buyer may cancel the contract if work has not started within _____ days of this date. Construction time through completion date will be approximately _____ to _____ weeks/months (circle one). Work will be completed by _____ (date).

It is important that the contract be completed in a timely fashion unless the buyer submits a written notice extending the time frame for the project. No extension of time will be valid without the buyer's written consent.

VIII. Change Orders/Additional Work

Written Change Orders signed by both parties are required for any changes to the contract or additional work. The Change Order shall state:

- Whether the change will increase or decrease the total amount of the original contract.
- The cost of the additional work.
- The new total amount of the contract.

The Contractor shall provide the Buyer with a copy of the signed change order form before beginning any additional or changed work. All other terms of the contract will remain unchanged. Payment for additional or changed work is due when all additional or changed work is completed and an invoice is submitted by the contractor.

IX. Additional Terms and Conditions

See attached page for additional terms and conditions.

X. Right to Cancel the Contract

The Buyer may cancel this transaction at any time prior to midnight of the 3rd business day after the date of this transaction. See the attached notice of cancellation for an explanation of this right.

Acceptance of Contract

The terms and prices explained in this contract are satisfactory to all parties and are hereby accepted. The Contractor is authorized to do the work as specified. Payments will be made as outlined in the section on "Progress Payments and Schedule." The Contractor will provide the buyer with a fully-executed copy of this contract after it is signed by both parties.

(Date)

Signature of contractor or of licensed salesperson for the contractor

Print name

(Date)

Buyer's signature

Print name

(Date)

Buyer's signature

Print name

Attachment A: Sample Notice of Cancellation

Notice of Cancellation Rights for Home Improvement Contracts covered by Door-to-Door Sales Act

(Date contract was signed)

You may cancel this transaction, without any penalty or obligation, within three (3) business days from the above date.

If you cancel, any property traded-in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten (10) business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller at your residence, in substantially the same condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do make the goods available to the seller and the seller does not pick them up within 20 days of your notice of cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under this contract.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to

_____ at _____
(name of seller) (address of seller's place of business)

Not later than midnight of _____
(date)

I hereby cancel this transaction

(date)

(Buyer's signature)

Attachment B: Additional Terms, Provisions, and Conditions

1. A contractor or subcontractor who performs work under this contract and is not paid may have a claim against you, the Buyer, which may be enforced against your property under applicable lien laws.
2. The Contractor agrees to use only Maryland state licensed subcontractors.
3. The Contractor agrees to provide the Buyer a "Certificate of Worker's Compensation Insurance" before beginning the work the contract authorizes.
4. The Contractor agrees to obtain all required permits in accordance with local laws.
5. The Contractor shall disclose the terms, conditions, and duration of any guarantee or warranty it provides the Buyer. The following guarantee or warranty covers work performed under this contract:

6. The Contractor agrees to shield the Buyer from any liability related to the Contractor's failure to pay any subcontractors or supply vendors who were arranged for by the Contractor and to hold the Buyer harmless for such claims.
7. The Contractor agrees that the Buyer may withhold final payment until the Contractor submits to the Buyer proof of payment to all subcontractors and supply vendors arranged for the Contractor and that, until such proof is submitted, the Contractor agrees to waive any right to file a lien against the Buyer's property for any monies claimed due from the Buyer.
8. The Contractor agrees to clean up after the home improvement work is done.
9. The Contractor agrees that, if the home improvement contract is negotiated in Spanish, the Contractor will provide the Buyer a copy of the contract in Spanish and a notice of cancellation rights in Spanish. The Contractor agrees that if the Buyer spoke with the Contractor in a language other than English, the Contract must be both in English and in the other language in which it was negotiated.

10. The Buyer is advised that he or she has the right to file a complaint about the contractor's performance with the Maryland Home Improvement Commission by calling 410-230-6309 or on its website at www.dllr.state.md.us/pq and to file a damage claim with the MHIC's Guaranty Fund for substandard work.

About the author

Franz Schneiderman is the Communications Director of the Maryland Consumer Rights Coalition. He is a long-time advocate who has expressed his lifelong passion for public affairs as an editorial journalist for the Baltimore Sun, an advocate on human rights and international affairs, and an activist for a variety of causes and campaigns.

This booklet is a public service of the Maryland Consumer Rights Coalition. It is not and shall not be considered legal advice. If you have any questions about your rights and responsibilities in a home improvement dispute, consult an attorney or your local consumer affairs office.



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