



GUIDE TO SELECTING A CONTRACTOR INFORMATION BULLETIN NO. 143

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City Planning & Development Department – Development Services
City of Kansas City, Missouri <http://www.kcmo.org/codes/>

BUYER BEWARE

Every day of the year, someone is taken in by a fly-by-night or unscrupulous contractor. In order to ensure that our citizens do not fall prey to such contractors, we have prepared a guide to selecting a contractor. If you follow our suggestions, you are more likely to avoid the trap and are also more likely to have legal remedies available to you in the event that the contractor's performance fails to measure up to reasonable expectations.

BEFORE SELECTING A CONTRACTOR...

Know your rights and responsibilities.

- You have the right and the responsibility to have construction-related tradeswork done by an appropriately licensed professional in a manner consistent with Chapter 18, Kansas City Building and Rehabilitation Code (KCBRC), Code of Ordinances and other related regulations.
- You have the right to review a list of licensed contractors and certified trades professionals on the City Planning & Development – Development Services (CPD-DS's) website noted above.
- You have the right to request this information from CPD-DS's Contractor Licensing Branch, (816) 513-1500 x 6, for any licensed contractor:
 - Business name
 - Owner name
 - Business address
 - Business telephone number
 - Insurance carrier's name (where available)
 - Insurance expiration date (where available)
 - License or registration expiration date
 - Qualified supervisor's name

- Qualified supervisor's certificate expiration date
- Whether the contractor is currently in good standing
- Whether a given employee of that company is certified for a particular trade
- You have the right to request this information from the Business Licensing Section of the Finance Department, (816) 513-1135, for both trades contractors and general contractors:
 - Business name
 - Owner name
 - Business address
 - Whether or not the contractor carries workers' compensation insurance
 - Business license type
 - Business license number
 - Business license expiration date
- You have the right to request to see the contractor's Kansas City, Missouri, business license and trades license and the qualified supervisors' or supervisors' certificate(s) of qualification; and you have the right and the responsibility to verify the validity of those documents with CPD-DS. If the contractor does not currently hold the required licenses and certificates from Kansas City, Missouri, or shows you licenses and certificates in someone else's name, his/her company is not eligible to perform tradeswork. Holding these items from another jurisdiction is not an adequate substitute.
- If the work involves gas, plumbing, sewer, or septic work, you have the right and the responsibility to request to see staff members' Kansas City, Missouri, journeyman or master plumber certificates of qualification and to verify the validity of those documents with CPD-DS.
- You have the right and the responsibility to insist that the contractor obtain all mandatory permits and that inspections be sought at the appropriate junctures.

Please note that hiring an unlicensed contractor and/or a contractor who doesn't obtain the necessary permits and inspections is a violation of the KCBRC; may result in legal penalties to the property owner of record; and may prevent said property owner from pursuing legal remedies should the contractor default on the agreement or otherwise fail to meet expectations.

Do your research.

- Ask people you know for contractor recommendations, and even have a look at those contractors' work, if possible. You want to hire a contractor who has established a reputation for quality work and reasonable rates—someone with a strong track record. If that fails, check the phone book listings. In either case, we recommend you follow the information provided below regarding proposals and bids.
- Check to see that the contractor has a valid registration with the State of Missouri, (816) 889-2925 or <http://www.sos.state.mo.us>, in the name under which it is operating.
- Contact Business Licensing, (816) 513-1135, to verify whether the contractor holds a valid current-year business license for construction related trades. (Demolition, house moving, and sign contractors must also carry separate specialty trades business licenses.)
- Contact CPD-DS's Contractor Licensing Branch staff, (816) 513-1500 x 6, to verify whether or not the contractor holds the appropriate licenses and that its staff holds the right certificates for the proposed scope of work.
- Contact the various courts (municipal, county, state, and federal) to see whether any judgments have been rendered against the contractor.
- If the contractor doesn't meet these tests, don't bother contacting him/her for a proposal or bid.

Obtain proposals or bids.

- It is generally advisable to contact at least three contractors. Describe the services you are seeking in some detail. Most contractors can give a rough ballpark estimate over the phone with the caveat that, depending on what they find in the field, it may cost a bit more.
- Insist on a firm, written price quote and description of goods and services to be provided from each of the finalists. Make sure the contractor signs and dates the proposal and notes how many days it is in effect.
- As part of the bid process, ask each of your top contenders for a list of previous customers, along with their telephone numbers and addresses. Contact those references to discuss the contractor and the quality of his/her work. Did the contractor meet scheduled deadlines? Were there cost overruns? What kind of work did the contractor perform? Was the quality of materials and workmanship satisfactory? Did the contractor obtain all the required permits and inspections? Did the contractor's work pass inspection the first time, or did inspectors have to make repeated visits before passing the work? If change orders were necessary based on the inspectors' write-up, regardless of whether they affected the cost, did the contractor provide a full and accurate explanation? How responsive was he to questions and phone calls? Did he honor any applicable

warranties? If they needed similar service in future, would they hire that contractor again?

- Carefully evaluate the bids and what you've learned from your research. Select the contractor who offers the highest quality materials and workmanship at the lowest cost.

ONCE YOU HAVE SELECTED YOUR CONTRACTOR . . .

Establish a contract and agree on the payment terms at the outset.

- Turn the bid or proposal document into a formal, written contract. Elements that should be included are:
 - A list of all services to be provided by the contractor
 - A list of all materials by model or grade number
 - Guaranteed dates by which the work is to be begun and completed—although there may be a proviso exempting the contractor from these deadlines in the event of a natural disaster or reasonably unforeseeable event
 - Payment terms, including the total fee due, stages at which fees are to be paid, and any penalties for missed deadlines and bonuses for early completion
 - Any oral promises made by the contractor
 - Product and service warranties
 - Either a right-to-terminate clause or a binding-arbitration clause in case there is a problem with the contractor or his work
 - A method and payment schedule for any needed change orders
 - A guarantee that the work will be done to the highest standards and in accordance with the KCBRC.
 - A requirement that you be furnished with signed mechanic's lien waivers from the material suppliers and subcontractors to ensure that you are not held liable for the contractor's bills
 - **Most importantly, get the contractor's signature, printed name and the date signed on all documents.**
- Before accepting the contract, make sure there is no lien sale provision under which your property might become collateral.
- If the contract contains the phrase "heirs or assigns," it may indicate the contractor intends to pass the contract on to another party for fulfillment and will be relinquishing

oversight and responsibility therefor. Consequently, if subcontractors are to be used, make sure they are all listed in the contract documents, that their role and remuneration are clearly spelled out, and that they sign, as well. They must meet the same certification, licensing, and other requirements as the prime contractor.

- Do not accept the contract without fully reading it. Ask questions. Consult your legal adviser, if necessary.
- Insist on being given the original executed contract and any attachments thereto, or at least a complete photocopy, before work starts and before any money changes hands.

Please note that failure to obtain everything in writing may affect your ability to pursue legal remedies in future if the job is not done on time, in an acceptable manner, and/or at the agreed-upon price. Oral or unsigned agreements are more difficult to prove and enforce in court.

Ensure permits are obtained.

- Permits are needed for the majority of regulated tradeswork. Permits are to cover the full scope and valuation of the work.
- Separate permits are needed for each regulated trade.
- The contracting entity is responsible for obtaining its own permits.
- Questions concerning permit fees and whether a permit is required should be directed to the Permit Center, (816) 513-1500 X 3.
- Insist on getting a copy of the permit for your job. If the contractor refuses to comply, you can go to our online permitting and inspection system, KivaNet, at CPD-DS's Internet site noted above and ensure the required permit was obtained.

Ensure inspections are obtained.

- Inspections are required for the majority of regulated tradeswork.
- Many jobs require a rough-in or preconcealment inspection and a final inspection.
- Questions concerning whether and at what point(s) inspections are needed should be directed to the Inspections Division, (816) 513-1500 X 2.
- Insist on getting a copy of the inspection reports for your job. If the contractor refuses to comply, you can go to KivaNet and ensure the required inspections were performed and that the work passed.
- Do not provide your final payment to the contractor until the final inspection has been performed and passed and you are satisfied with the quality of the work as presented.

If change orders are needed . . .

- Realize that, unless it was the contractor's error, you will be responsible for paying for any change orders made after the contract is in place. Change orders can be more expensive than if you had requested the job be done in that manner from the beginning.
- A written change order specifying the changes to be made from the original contract and the additional cost of those changes should be signed by you and the contractor.

Keep track of the contractor's activities.

- Note when the permit and inspections are obtained and the results. If anything doesn't pass, discuss it with the contractor, and document your discussion.
- Keep a log of the dates and times the contractor works. (Part-time work or failure to show up as scheduled may indicate that the contractor is juggling too many projects at once, unless this was a condition of the contract.)
- Note which employees work which days and which days and times the company's qualified supervisor is onsite.
- Document each day's progress.
- Take pictures of the work, including the trades people performing it, if you suspect there may be future problems with the work or the contract or that staff may not hold the required certification.
- Document and photograph any subcontractor activity—particularly if your contract did not authorize the use of a subcontractor. Pictures of staff at work and of the subcontractor's marked vehicle will be particularly useful.
- Note when and to whom payments are made.
- Make sure the contractor invoices you at the appropriate times and provides signed, dated receipts when payment is received.

Be wary if . . .

- The contractor's estimate appears too good to be true compared to the others received. It probably is. Some contractors are superb crafts persons but poor estimators. Or they may be luring you in with intentions of hitting you with a much larger bill by selling you additional "emergency repair" work after the contract is in place—work that "must" be done to "bring it up to code." Either way, it will cost you more than anticipated and may result in your switching contractors midstream.

- The contractor insists that you, the customer, obtain permits in your name (i.e., as the homeowner/occupant of record) or the permits are taken out by a contractor other than the one you hired. Permit peddling is the hallmark of an unlicensed contractor.
- The contractor refuses to put a firm quote or bid in writing or to give you a copy of the executed contract document.
- The contractor insists on being paid in cash. While it may be that the contractor has been paid with bounced checks and has become leery of accepting them, it is more likely that the contractor is a fly-by-nighter trying to avoid creating a paper trail for authorities, is paying unlicensed subcontractors and/or staff in cash under the table to avoid payroll expenses and paperwork, and/or is avoiding paying taxes altogether. Paying by check gives you a safety net—a paper trail showing the bill was paid and who cashed the check. It also provides a means for you to stop payment if there is a problem with the contractor. In addition, that check can serve as evidence if you and the contractor end up on opposite sides of a courtroom.
- The contractor says he “lost, “never received”, or “ruined” your check. Mail a replacement check to the contractor, via certified mail, only after you have stopped payment on the first one. Otherwise, if you provide a second check or other instrument of payment, you have no guarantees the contractor won’t end up cashing both.
- The contractor tries to charge additional fees to obtain the required permits.
- The valuation of work and scope of work listed on the permits do not match those contained in your contract.
- The contractor wants 100% of the payment at the outset, instead of upon completion of the work. Contractors should never be paid in advance, except that, where custom work is being done, a small deposit may be necessary. On smaller projects, the contractor generally collects full payment upon completion. If the project is large, the terms are usually 50% of the payment on delivery of materials and the remaining 50% upon satisfactory completion, including passage of all necessary inspections. In some cases where a critical deadline exists, the customer may set up the contract to allow the withholding of a certain portion (a retainage fee), which the contractor will not be entitled to receive if the deadline for completion is not met; or the customer may offer a bonus to the contractor for finishing ahead of schedule.
- A “discount” (senior citizen or otherwise) is offered. It is possible that the “discounted” prices offered by one contractor may cost you more than the “regular” prices offered by another or that the contractor offering “discounted” prices is not properly licensed. Getting multiple quotes provides the best protection against price inflation.
- The contractor threatens to walk off the job if you don’t pay him additional monies beyond the contractual amount or at different stages than those stated in the contract.
- Work is concealed before an inspector can be called in.

- The contractor insists no license, permit, or inspection is required. You can verify what is needed by calling (816) 513-1500 X 3 or viewing Article I of the KCBRC at CPD-DS's website.
- The contractor tacks on an exorbitant "emergency premium" on the work due to, say, an ice storm that has knocked out power or ruptured water and sewer lines in your area. Price gouging should be reported to your county's prosecuting attorney, the State Attorney General's office, and the City's licensing official, among others.
- The contractor refuses to show you his/her Kansas City, Missouri, licenses and certificate of qualification; shows you licenses bearing some other company's name; or shows you licenses from another governmental jurisdiction and tells you to "trust" him/her. Or the contractor shows you licenses bearing the right name but attempts to dissuade you from calling the City for verification that the account is in good standing.
- The contractor cannot or will not provide proof of insurance coverage.
- The contractor drives an unmarked service truck or the service truck bears a name other than the name of the contractor you hired. This may indicate the company has subcontracted out the work to someone else, who may or may not be licensed and certified. The company that actually does the work and obtains the permits and inspections must be licensed.
- You never see the company's qualified supervisor of record on the jobsite or you are told that individual is no longer with the company.
- The contractor seeks work door-to-door or by telephone. Dependable contractors are generally too busy for such solicitations.
- The contractor shows up on your doorstep and informs you of an "urgent" property repair that cannot wait. Never accept an unsolicited bid offered in this manner. If you think the contractor may be right, call a reputable contractor for an independent assessment.
- The contractor makes an offer that sounds too good to be true and presses for an immediate acceptance--i.e., he describes it as "good for today only" or as a "one-time-only" or "introductory" offer. These are typical high-pressure sales tactics often employed by fly-by-night and other disreputable contractors. Examples:
 - "I was just in the neighborhood and noticed you didn't have an alarm system, so I thought I'd offer you a one-time-only installation price of \$____. My guys can be here tomorrow morning. Regular price is double what I'm offering you today."
 - "Jane Doe up the street said you might need your septic lines repaired. We just did hers. I've got some leftover pipe, etc., in my truck, and my crew can get started this afternoon. Since we've got everything we need right here, we can give you a really good price: \$____. Today only. Take it or leave it."

- The contractor offers a bargain rate in order to use your property as a “model.” If the contractor has been in business long enough and has a strong enough reputation in the trades to merit your hiring him, he should have no need for “model” properties.
- The contractor offers, on the spot, to waterproof your roof, coat or seal your driveway, or perform some other (unnecessary and unsolicited) task if you pay him in cash up front.

Consumer protection laws allow Missouri consumers a period of approximately three days in which to change their minds and—without penalty—cancel an agreement when their business is solicited door-to-door. This period may not be in effect where the buyer has initiated the contact and contracts for immediate, emergency goods or services. See sections 407.710.1 through 407.710.3 of the Missouri Revised Statutes. There are some protections for telemarketing victims, but they are not as well-defined.

If the contract is terminated early . . .

- If the contractor does not meet his obligations, or the contractor suddenly goes out of business, leaving your job undone (see the note about too-good-to-be-true pricing), you may elect to cancel the contract. Keep your notes and all other documentation on the job for future reference.
- Assuming the contractor was paid only up to the point of the work that was satisfactorily completed and inspected, and assuming the deal you struck was not “too good to be true,” you should be able to hire another contractor to come in and take over the work at little more than was still owed to the first contractor. Once again, get everything in writing.
- You must notify CPD-DS’s Permits Division, (816) 513-1500 x 3, in writing that the original contractor is no longer associated with the job. If any inspections have been performed, no refund shall be granted. The replacement contractor must obtain a new permit for the remaining work.

If you wish to file a complaint about a contractor . . .

- You may file complaints with CPD-DS’s Contractor Licensing Branch, the appropriate county’s prosecuting attorney, the Better Business Bureau (<http://www.bbbonline.org>), the State Attorney General’s office (<http://www.ago.state.mo.us/complant.htm>), and other agencies. You may also file a civil lawsuit if your legal counsel so advises.
- CPD-DS needs the following information in order to properly process a complaint:

- Your name

Please note: If you wish to remain anonymous, you do not have to provide your name; however, if your testimony is required in Municipal Court, you will have to be identified at that time.

- Your daytime telephone number

- Your agreement to testify as needed if the complaint leads to a court case
 - The names of any other potential witnesses
 - The address at which the work was allegedly done
 - A description of the work done and why the complaint is being filed
 - Any available documentation on the situation (i.e., receipts, cancelled checks, proposals, bids, contracts, invoices, pictures, notes concerning conversations, etc.)
 - The contractor's name, business address, and phone number (if known)
 - The names and positions of any representatives of the company involved in the work or in the contracting therefor
- Please note that CPD-DS cannot address issues beyond the scope of the KCBRC (certification, licensing, life-safety, structural damage, plan review, permitting, and inspection issues). Issues such as price gouging, unanticipated and unjustifiable price inflation once the project is underway, liens, failure to meet deadlines (other than permit expiration deadlines), theft, nonstructural property damage, etc. must be taken up with other agencies and/or your legal counsel.