

AVOIDING FRAUD TIP SHEET

Tropical Storm Ida brought out the best in most New Jerseyans – but it has also brought out the worst in some alleged scammers and con artists. The New Jersey Attorney General's Office and the Division of Consumer Affairs offer the following tips on avoiding scams when dealing with home improvement contractors and other professionals who are regulated by the Division.

You can always contact the Division of Consumer Affairs with complaints, or to seek information about a specific contractor, at 800-242-5846 or [New Jersey Division of Consumer Affairs \(njconsumeraffairs.gov\)](http://New Jersey Division of Consumer Affairs (njconsumeraffairs.gov)).

HIRING A CONTRACTOR: GENERAL TIPS

Before hiring a contractor, contact the Division of Consumer Affairs online or by phone to learn whether the individual or company is registered or has been the subject of consumer complaints.

- If the business must be licensed – such as an architect or electrician – or if it must be registered – such as a home improvement contractor or home elevation contractor – the Division can tell you whether the company has the required license or registration to do business in New Jersey.
- Learn as much as possible about the company and its reputation. Speak with references who have used the company. Look for online customer reviews.
- Obtain a written contract that specifies exactly what you are paying for, as well as all terms and conditions. As explained below, contracts for home improvements or home elevation projects must include specific information for the consumer's benefit. Do not sign the contract unless you clearly understand and can agree with all of the terms and conditions. If you can't get a straight answer, take your business elsewhere.
- Keep copies of all contracts, estimates, receipts, and other documents in case it is necessary to file a complaint with the Division of Consumer Affairs.

HOME IMPROVEMENT CONTRACTORS (HICs)

Follow the preceding steps when hiring a home improvement contractor (HIC). In addition, ask the contractor for a copy of its insurance policy and declarations page, and call the insurer to make sure the policy is still valid and has the same limits on claims. Be aware that the "aggregate limit" on the declarations page of the insurance policy is the total of all claims (including claims of the contractor's other customers) that the insurance company can be liable to pay.

- Be wary of contractors who say there is no need for a written contract. Under New Jersey law, a detailed written contract is required for all home improvement projects costing \$500 or more. The contract must include the company's legal name, State registration number, and business address. It also must include the project's start date, completion date, a description of the work to be done, and must specify the total price or other consideration to be paid by the buyer, including all finance charges. If the contract is one for time and materials, the hourly rate for labor and other terms and conditions of the contract affecting price must be clearly stated. Further information can be found at [Home Improvement Contractors Registration Act \(njconsumeraffairs.gov\)](http://Home Improvement Contractors Registration Act (njconsumeraffairs.gov)).
- Be wary of contractors who insist on a large up-front payment. The law prohibits HICs from demanding final payment on the contract before the home improvement is completed in accordance with the terms of the contract. This means you should not make the final payment until the work is done.
- Finally, beware of any contractor who offers unsolicited services – such as knocking on your door saying he was "just in the neighborhood" and can give you a good deal. This is often the first step in a scam.

HOME ELEVATION CONTRACTORS (HECs)

Home elevation is defined as raising an entire residential or noncommercial structure to a higher level above the ground. Home elevation contractors (HECs) must register with the Division of Consumer Affairs and meet all of the State of New Jersey's requirements for HECs, as well as the following additional requirements:

- An HEC must have a named person in an ownership, employee, or consultant position who has a minimum of five years' experience in home elevation. An HEC also must meet heightened requirements for insurance and bonding which can be found at [Home Elevation Contractors Law \(njconsumeraffairs.gov\)](https://www.njconsumeraffairs.gov/home-elevation-contractors-law).
- Before hiring an HEC, contact the Division of Consumer Affairs to learn whether the company is registered as an HEC and/or has been the subject of consumer complaints. Contact the HEC's insurer(s) to make sure its insurance policies are valid. Ask for the names and contact information of references who have used the HEC. Ask the HEC for information about its experience and equipment. Consider making a site visit to see the company's working operations. Finally, demand a detailed contract that specifies the project's scope, specific time frame, total cost, and other details.

CONTACT THE NEW JERSEY DIVISION OF CONSUMER AFFAIRS

Consumers can contact the New Jersey Division of Consumer Affairs, through its website, [New Jersey Division of Consumer Affairs \(njconsumeraffairs.gov\)](https://www.njconsumeraffairs.gov), by email at - askconsumeraffairs@dca.lps.state.nj.us, through our Consumer Service Center Hotline at 973-504-6200, or toll free in New Jersey at 800-242-5846.

The Division maintains a very active calendar of consumer outreach events, including Fighting Fraud seminars that empower consumers to recognize and prevent frauds, scams, and rip-offs. The Division's outreach calendar can be found at - [Pages - Consumer Outreach Events Calendar \(njconsumeraffairs.gov\)](https://www.njconsumeraffairs.gov/pages-consumer-outreach-events-calendar).

Finally, members of the public can learn about the Division, its enforcement actions, and its outreach activities through the New Jersey Division of Consumer Affairs' Facebook page at [NJ Division of Consumer Affairs | Facebook](https://www.facebook.com/NJDivisionofConsumerAffairs).