

FTC Consumer Alert

Federal Trade Commission • Bureau of Consumer Protection • Office of Consumer and Business Education

After a Disaster: Repairing Your Home

If your house has been damaged by a natural disaster — flood, fire, snow/ice, tornado or earthquake — chances are you're on the hunt for a reputable contractor to help with repair and restoration. Inevitably, the demand for qualified contractors after a disaster usually exceeds the supply. Enter the home repair rip-off artist, who may overcharge, perform shoddy work or skip town without finishing your job.

Because many legitimate licensed home repair companies can be booked solid for months, frustrated and anxious homeowners and landlords, eager to get their property back in shape, may neglect to take the usual precautions when hiring contractors. As a result, some consumers find that they've hired part-time contractors, who may not get the job done in a reasonable time; contractors from surrounding areas, who may be difficult to track down for follow-up; inexperienced contractors, who may not do the job well; and all too often, just plain crooks, who are seizing the opportunity to make a fast buck.

Many communities have emergency ordinances in place to keep crooked contractors out. But for consumers desperate to get the work done, recognizing a home repair rip-off can be a challenge.

The Federal Trade Commission (FTC) and the Federal Emergency Management Agency offer the following tips for consumers who may be facing major repairs after a disaster hits home:

- Deal only with licensed and insured contractors. Verify the track record of any roofer, builder or contractor you're thinking of hiring. Ask for a list of recent customers and call them.
- Get recommendations from friends, relatives, neighbors, co-workers, insurance agents or claims adjusters. Also check with the local Better Business Bureau and Home Builders Association to see if complaints have been lodged against any contractor you're considering.
- Take your time about signing a contract. Get a written estimate that includes any oral promises the contractor made. But remember to ask if there's a charge for an estimate before allowing anyone into your home. Ask for explanations for price variations, and don't automatically choose the lowest bidder. Get a copy of the final, signed contract before the job begins.
- Resist dealing with any contractor who asks you to pay for the entire job up-front. A deposit of one-third of the total price is standard procedure. Pay only by check or credit card — and pay the final amount only after the work is completed to your satisfaction. Don't pay cash.
- Be skeptical of contractors who encourage you to spend a lot of money on temporary repairs. Make sure there's enough money for permanent repairs.
- Ask a knowledgeable friend, relative or attorney to review a home repair contract before you sign. If you get a loan to pay for the work, be cautious about using your home as security: If you don't repay the loan as agreed, you could lose your home. Consider asking an attorney to review the loan documents, as well.

If you suspect a repair rip-off, call the consumer division of your state Attorney General. If you suspect fraud, waste, or abuse involving Federal Emergency Management Agency disaster assistance programs, report it to FEMA's Inspector General's Office.

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint or to get free information on consumer issues, visit www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357). The FTC enters Internet, telemarketing, identity theft and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

May 2002

Produced in cooperation with the Federal Emergency Management Agency

