

Do You Need to Hire a Disaster Remediation Contractor?



What you need to know.

Natural disasters have a way of bringing out contractors who, either intentionally or unintentionally, due to bad management, do unacceptable work, or never actually complete the work they have been paid to do. While most contractors are hardworking people who are focused on providing good work for their customers and making a living, there are those few that use natural disasters as a way to make quick money. Home and business owners can protect themselves by following good practices when hiring contractors.

- ✓ Always get multiple detailed bids. The low bidder may have missed a significant portion of the work. Obtaining multiple bids will help you understand the scope of the work.
- ✓ Hire contractors who have a physical local address, not a post office box. If you do hire a contractor who has not maintained a physical address in your county or an adjacent one, you need to know the prohibitions and requirements on those contractors established by the Texas Legislature in 2011. More information below
- ✓ Get references for contractors and verify them. This is the best way to confirm that you are dealing with a reputable contractor.
- ✓ Enter into a clear written contract with the contractor. The contract should include a clear scope of the work to be done and payment schedule based on work completed.
- ✓ Never pay for the entire job before the work begins. While it is reasonable for a contractor to request a small up-front payment upon beginning work, all other payments should be based on work completed as outlined in the contract. Always keep a retainer (10% of the total contract cost is reasonable) until all work has been completed, inspected and approved by the local building official.
- ✓ At each payment, require the contractor to provide conditional or final lien waivers as required by Chapter 53 of the Texas Property Code. You can find lien waiver forms from multiple sources online.
- ✓ Do not make cash payments to contractors. Keep canceled checks and receipts as proof of payment.

Texas Disaster Remediation Contractors Act:

In response to thousands of complaints about contractors taking advantage of Texas homeowners after hurricanes Ike and Rita, the Texas Legislature passed a law regulating contractors who have not maintained a physical address in a county affected by a natural disaster or an adjacent county for at least one year prior to the natural disaster.

Disaster Remediation Contractors may not:

- ✓ Require a customer to make a full or partial payment before work begins, or
- ✓ Require partial payment that exceeds the amount of the work done including materials

The act also states that the requirements may not be waived. Disaster Remediation Contractors who do not comply are subject to the Texas Deceptive Trades Practices Act and may be liable for attorney's fees and treble damages.

You can find more information regarding this act at:

<https://www.lexology.com/library/detail.aspx?g=963d62c2-9581-4ec3-ba88-30784ee818b8>

<http://www.statutes.legis.state.tx.us/Docs/BC/htm/BC.58.htm>