

Construction Contractor Checklist for Homeowners

RESEARCH AND PREPARATION

- Plan your project carefully.
- Familiarize yourself with Alaska law by visiting professionallicense.alaska.gov and click on Construction Contractors
- Ensure that the contractor has a contractor's registration, business license, insurance (liability and workers' compensation), and is bonded. Require proof before you let the contractor bid or start work. Visit professionallicense.alaska.gov and click on License Search.
- Require and check three references.
- Check with the Better Business Bureau (BBB) in your area to determine if there have been any complaints filed against the contractor.
- Contact the Mechanical Inspection Section of the Department of Labor and Workforce Development at labor.alaska.gov/lss/home.htm to determine if the plumber or electrician you intend to hire has an appropriate Certificate of Fitness.
- Learn about liens and how they impact you.
- Get a written bid or contract.

MONITOR THE JOB

- Make frequent inspections of the work.
- Call your municipality to find out who is responsible for obtaining building permits.
- Do not pay for work that is not complete. Pay as significant portions of work are done.
- Keep detailed records of all payments made to any person or business and that the payments were for.
- Put any changes to the agreement in writing.

CLOSE THE DEAL

- Before making a final payment on the project, request a completed lien release.
- If you have a problem with work that has been done improperly, work that is not complete, or if you have been stuck with a lien, consider your options:
 - File a complaint with the BBB.
 - File a complaint with the Division of Corporations, Business and Professional Licensing at www.commerce.alaska.gov.
 - Hire an attorney.
 - File a case in small claims court.
 - File a complaint with the Alaska Attorney General's Office at law.alaska.gov.
 - File a complaint with your municipality if construction is regulated by your city.

ENJOY YOUR NEW HOME

All that hard work seems worth the effort when the construction is complete!

Worth the Risk?

If your contractor has proper registration and bonding, you may have greater opportunity to recover from an unfortunate situation.

Is it worth the risk to hire an unlicensed handyman or contractor? Only you can be the judge of what you stand to lose.

ALASKA HOMEOWNER'S GUIDE TO

Hiring a Contractor

What should I know before hiring a contractor?

Is my contractor properly licensed, bonded, and insured?

How do I file a complaint?

Alaska Department of Commerce,
Community, and Economic Development
commerce.alaska.gov

Alaska Department of Labor and
Workforce Development
labor.alaska.gov



What is a Residential Owner-Builder?

Per AS 08.18.161, exemptions from registration apply to:

- a person working on that person's own property, whether occupied by the person or not, and a person working on that person's own residence, whether owned by the person or not;
- an owner or tenant of commercial property who uses the owner's or tenant's own employees to do maintenance, repair, and alteration work upon that property;
- an owner who acts as the owner's own contractor and in doing so hires workers on an hourly basis, hires subcontractors, purchases materials and, as such, sees to the paying for all labor, subcontractors, and materials; in this case, the owner shall be limited to construction of one home, duplex, triplex, four-plex, or commercial building every two years

Owner-Builders or their homeowner insurance may be held liable if an unlicensed contractor or an employee of an uninsured contractor is injured on your project.

When hiring subcontractors, Owner-Builders should require copies of their subcontractors' liability insurance and worker compensation policies. When hiring employees, they should contact their insurance carriers and the Employment Security Division of the Department of Labor and Workforce Development to ensure they are fully aware of insurance and tax liabilities.

Is Your Contractor Properly Licensed, Bonded, & Insured?

GENERAL CONTRACTOR

Regulated under AS 08.18.011

- Holds an **Alaska Certificate of Registration** as a General Contractor
- **Bond of \$25,000** and insurance to the limits required by Alaska Statutes 08.18.071 and 08.18.101
- Required to have a current **Alaska business license**
- Additional **Alaska Residential Contractor Endorsement and Certificate of Registration as Construction Contractor with Residential Endorsement** are required to undertake the construction or alteration of 25% or more of the value of a privately owned residential structure of one to four units. These credentials are required in order to legally advertise to do this work.

RESIDENTIAL CONTRACTOR

Regulated under AS 08.18.025

- Holds an **Alaska Certificate of Registration** as a General Contractor with Residential Endorsement
- Holds an **Alaska Residential Contractor Endorsement**
- **Bond of \$20,000** and insurance to the limits required by Alaska Statutes 08.18.071 and 08.18.101 (**\$25,000** bond required if contractor performs any commercial work.)
- Required to:
 - * Hold a current Alaska business license
 - * Pass a Residential Endorsement exam
 - * Complete a course in arctic engineering or the Alaska Craftsman Home Program or an equivalent program.
 - * Complete continuing competency education relating to residential contracting 16 contact hours every two years

SPECIALTY/MECHANICAL/ELECTRICAL CONTRACTOR

Regulated under AS 08.18.024

- Holds an **Alaska Certificate of Registration** as a Construction Contractor
- **Bond of \$10,000** and insurance to the limits required by Alaska Statutes 08.18.071 and 08.18.101
- Required to have a current **Alaska business license**
- A Specialty Contractor requires the use of not more than three trades as defined in 12 AAC 21.200 - 570.

GENERAL CONTRACTOR WITH HANDYMAN DESIGNATION

Regulated under AS 08.18.071(b)(4)

- Holds an **Alaska Certificate of Registration** as a **General Contractor/Handyman—Under \$10,000**
- **Bond of \$5,000** and insurance to the limits required by Alaska Statutes 08.18.071 and 08.18.101
- Legal work is limited to bidding or working on projects with a total contract cost of not more than \$10,000 including both labor and materials.
- Splitting up the work to keep the aggregate cost below \$10,000 for the purpose of evading this requirement is a violation of Alaska law.

Worth the Risk?

Alaska Statute 08.18.125 established an administrative penalty of a \$1000 fine for a first offense and \$1500 fine for subsequent offenses of working without proper registration.

Each day a contractor works without correct registration constitutes a separate violation.

This brochure is not intended to replace knowledge of legal requirements that may pertain to each unique situation. Consult the law for full details.