



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Commerce, Community,  
and Economic Development

DIVISION OF CORPORATIONS, BUSINESS AND  
PROFESSIONAL LICENSING

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## Regulation of Construction Contractors Frequently Asked Questions (FAQs)

### **INFORMATION FOR CONSUMERS:**

#### **WHAT SHOULD I KNOW BEFORE HIRING A CONSTRUCTION CONTRACTOR?**

Most home construction contractors provide skilled services, hire trained and licensed subcontractors, and use reliable materials. But not every person who purports to be a contractor is skilled, experienced, and qualified. Before embarking on your home improvement project, take the following steps:

**Make sure the contractor is registered and has a bond and insurance.** In Alaska, most contractors that perform residential home improvements must be licensed by the Division of Corporations, Business and Professional Licensing. Among other requirements, general contractors must post a bond for \$25,000 and specialty contractors for \$10,000.

**Warning:** Sometimes people will say they are "licensed and insured" when they only have a business license and liability insurance -- not a professional license and a bond. A bond may be a source of funds available to a homeowner if work is negligently performed.

**Check references and get written estimates.** Being licensed and bonded is not a guarantee of high quality performance. Interview and get bids from two or three contractors. Check their references and talk to friends, neighbors, or former clients who are familiar with the contractor's work, reliability, and business practices. Estimates should be in writing and include detailed specifications for the job, the materials, labor, timeline, and the total charges for the work.

**Research complaint history.** Check with the [BBB](#) for complaints against the contractor. You may also want to [check court records](#) to see if lawsuits have been filed for incomplete or shoddy workmanship or for other unfair or deceptive practices.

**Insist on a detailed written contract.** A home improvement contract is a written agreement defining exactly what work will be performed, the materials used, the start and completion dates, the total cost of the project, and a payment schedule. Oral promises are very difficult to enforce; if a provision is not written in the contract, you'll have a hard time proving it was part of the deal. A well-written, detailed contract will provide clear expectations for you and the contractor and help avoid many of the problems experienced by consumers. Ask for time to review the contract on your own and make sure you understand the contract terms. Don't hesitate to ask for clarification or suggest modifications. Never sign a contract with blank spaces.

**Tip:** Alaska has a five-day cancellation period (five business days) when a seller solicits a sale and the agreement is signed in your home or at a place other than the contractor's place of business. The contractor should provide written notice of this right.

**Make partial payments as different stages are completed.** Don't pay a contractor in full before your project is completed. Most projects are paid for in installments, with partial payments made at different stages. Final payment should be contingent on satisfactory inspection of the project.

You should know the entire cost of your proposed project, including any interest charges, and then comparison shop for the financing you need from reputable lenders through personal, bank, or home equity loans.

#### **HOW DO I KNOW IF A CONSTRUCTION CONTRACTOR IS LICENSED AND INSURED?**

You can check to see if a contractor is licensed in the State of Alaska by doing a [Professional License Search](#) on the Division of Corporations, Business Licensing and Professional Licensing section's website. In the Professional License Search details, you can see if the construction contractor's license is current, what specialty type of license they may have and if there has ever been any licensing action taken against them.

#### **WHAT IF WHO I AM HIRING IS A "HANDYMAN"?**

Starting January 1, 2015, a professional "General Contractor – Handyman" license is required. If someone is doing business under this license, the aggregate total of the project must not exceed \$10,000 and they must carry public liability and property damage insurance as required by [AS 08.18.101](#).

#### **HOW CAN I PROTECT MYSELF FROM HOME IMPROVEMENT SCAMS?**

Don't do business with anyone who claims to be a contractor and who:

- solicits door-to-door

- asks you to pay for the entire job up-front
- pressures you for an immediate decision
- offers you discounts for finding other customers
- just happens to have materials left over from a previous job
- only accepts cash payments
- asks you to get the required building permits
- offers exceptionally long guarantees
- suggests that you borrow money from a lender the contractor knows. If you're not careful, you could lose your home through a home improvement loan scam.

#### **WHAT STEPS CAN I FOLLOW TO ENSURE MY HOME IMPROVEMENT PROJECT IS DONE CORRECTLY?**

- Ensure that your contractor has complied with state licensing requirements.
- Verify your contractor's name, address, telephone number, credentials, and references before signing a home improvement contract.
- Solicit two or three bids from contractors for your project, and get written estimates for the detailed specifications included in your home improvement plan.
- Include in your contract all the terms, conditions, warranties, and verbal promises concerning your home improvement project.
- Do not sign a contract until you have thoroughly read and understood all its provisions, notices, and terms. Never sign a written agreement that is not completely filled out.
- Obtain and keep copies of every written document, including contracts and receipts from suppliers and others providing materials for your project.
- Take your time, and do not hesitate to say no to high pressure sales tactics by a contractor or sales representative.
- Know about your five-day cancellation rights for door-to-door sales, and don't hesitate to cancel a home improvement contract within the time period if you have concerns.
- Never pay for the entire job in advance or make scheduled payments before the agreed-upon terms are met and the work is completed to your full satisfaction.

## **INFORMATION FOR CONTRACTORS**

### **DO I NEED A CONSTRUCTION CONTRACTOR LICENSE?**

The only way to evaluate whether you need a license is to become familiar with the laws governing your profession. The [statutes and regulations regarding contractors](#) cover all circumstances in which you need a contractor license and provides for certain exemptions.

You may need a Construction Contractor or Mechanical/Electrical Administrator license if:

- Your business name, signage, or advertising potentially indicates to the public that you are either are a builder or contractor, or that you are qualified to engage in the contracting business.
- If you plan to submit bids to work as a contractor.
- If you work for a contractor, work as a subcontractor on smaller jobs for a general contractor, or subcontract work to a licensed contractor.
- If you perform mechanical or electrical installation.
- If you perform mechanical or electrical repairs or maintenance. The [Department of Labor](#) (Anchorage: 269-4925, Juneau: 465-4871, Fairbanks: 451-2894) may also require that certain electrical and mechanical work be performed by a licensed journeyman.

### **I'M A HANDYMAN. DO I NEED A PROFESSIONAL LICENSE?**

In a move designed to provide consumer protection to Alaskans, the legislature passed SB 193 extending the licensure and bonding requirement to all construction contractors—including those often known as “handymen” who work on smaller jobs.

While many handymen don’t consider themselves construction contractors, Alaska Statute defines a construction as constructing, altering, repairing, moving, or demolishing a building, highway, road, railroad, or any type of fixed structure, including excavation and site development and erection of scaffolding. (AS 08.18.171(4))

Regardless of the size of the job, any business or person that “a person who, in the pursuit of an independent business, undertakes or offers to perform, or claims to have the capacity to perform, or submits a bid for a project” to perform this type of work is considered a construction contractor and must be registered, bonded, and insured. (AS 08.18.171(4))

Starting January 1, 2015, a professional “General Contractor – Handyman” license for this type of work is required. If you are doing business under this license, the aggregate total of the project must not exceed \$10,000 and you must carry public liability and property damage insurance as required by [AS 08.18.101](#).

### **WHAT ARE THE AMOUNTS OF BONDING REQUIRED OF CONTRACTORS?**

Effective January 1, 2015, bonding requirements for existing contractor and home inspector license types have increased:

- General contractor: \$25,000
- General contractor with residential contractor endorsement who performs exclusively residential work: \$20,000
- Mechanical or specialty contractor: \$10,000
- Home inspector: \$10,000
- Handyman (Contractor whose work on one project with an aggregate contract price of \$10,000 or less, including all labor, materials, and other items, when the work is not part of a larger or major operation or otherwise divided into contracts of less than \$10,000 to evade a higher bonding requirement): \$5,000

### **HOW DO I OBTAIN A CONSTRUCTION CONTRACTOR LICENSE?**

To apply for any type of contractor license—or if you have further questions— contact a licensing examiner and visit the web site:

[ProfessionalLicense.Alaska.Gov/ConstructionContractors](http://ProfessionalLicense.Alaska.Gov/ConstructionContractors)

The licensing examiners are at our main office in Juneau and may be contacted via telephone or email:

Karl Marx (A-F) 465-5470

Andy Khmelev (G-M) 465-8444

Janet Brown (N-Z) 465-5372