



**STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
BOARD FOR LICENSING CONTRACTORS**

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Finding and Selecting Licensed Contractors

The Tennessee Board for Licensing Contractors warns recent victims of flooding to use caution when hiring a contractor to repair or rebuild their homes. Unscrupulous, unlicensed contractors often prey on victims of natural disasters. The Board has found in the past where some contractors take advantage of homeowners who are anxious to rebuild. Take your time and protect yourself against con artists who will take your money and run, or from incompetent contractors who will perform shoddy work. Hire only licensed contractors and check them out with the Board.

The following is a list of tips to hiring a contractor; explanation of when a license is required by law; how to verify whether a contractor is properly licensed and if they have a history of complaints.

TIPS TO HIRING A CONTRACTOR

The Board urges consumers to follow these tips when dealing with contractors:

- **Hire only licensed contractors** – Ask for their Tennessee license ID number or to see their pocket card; and verify their license status at the “[License Search](#)” at: <http://tn.gov/commerce/boards/contractors/> or by contacting the Board’s office at **800-544-7693** where you may also check their complaint history. *(Review our [Brochure](#) to see a sample of a license pocket card.)*
- **Check out the contractor** – Don't hire the first contractor who comes along. It's best to get at least **three (3) bids, and check references** *(don't rush into repairs, no matter how badly they're needed)*. Be skeptical of solicitations from those with out-of-state license plates or if you are rushed by the contractor to agree to let them perform the work.
- **Get a written contract** – Make sure the contractor’s name, address and telephone number on the contract is legitimate *(not a P.O. Box address or phone answering services)*. Contract should include an anticipated start and completion date.
- **Proof of insurance** – [Workers' Compensation](#) is required by those with one (1) employee or more; also check for general liability insurance coverage.
- **Payment - never pay cash** – Don't pay more than 1/3 down and don't let the payments get ahead of the work.
- **Permit and Inspections** – Make sure the contractor obtains the local permits for inspections. The homeowner should never obtain the permit in place of the contractor! This is one of the best steps, as these code officials diligently make sure the contractors are properly licensed before releasing the permit, and in some municipalities, require bonding or code inspections. *(Some local codes offices are waiving permit fees during this crisis!)*

LICENSE REQUIRED BY LAW

It is good to know, a license is required by law before a contractor may even make an offer or contract. Those contracting directly with the homeowner are typically called the general (*prime*) contractor; a subcontractor is one who contracts directly with the licensed contractor, and not the owner. The following describes the type of license required by law:

- A “**Contractor’s**” license is required for projects where the total cost or contract price is **\$25,000 or more**;
- A “**Home Improvement**” license is required for projects **\$3,000 to \$24,999**, in the following eight (8) counties: Bradley, Davidson, Hamilton, Haywood, Knox, Robertson, Rutherford and Shelby.
- **Electrical, Plumbing and HVAC Trades** – Check with local government requirements, as these trades typically require a minimum of a local license and permit for inspections, regardless of the cost. (*A Limited License for Electricians (LLE) and Plumbers (LLP) are issued by the State in most areas without a code office*). A license is required by these trades for both a prime and subcontractor.

LICENSE SEARCH TIPS

It is important to know if the contractor is properly licensed with the correct classification and monetary limit to perform work on a project.

- **Verify the license at the Board's website**
 - **Active Status** – Click onto <http://verify.tn.gov> or “[License Search](#)” to check a contractor's status to ensure that they have both an “**Active – Fully Licensed**” status and **current expiration date**.
 - **License # or Name Search** – Check the license by their ID # or name as licensed. If unsure, enter part of the name in the “Name” field, only, with the percentage sign, such as “ %Jones “ and it will bring up all licenses with this as part of the name.
 - **Classification and Limit** – All “contractor” licensees have a monetary limit and classification designated on their license.
 - Click onto “**Details**” by their licensed ID # to review the next page, and scroll down to see their license classification and monetary limit.
 - The acceptable **classification** for residential building and repair would be within one of the “**BC**” **building categories** such as: *BC-A (Residential); BC (Residential, Commercial and Industrial)*. See the Board's website a complete “[Classification Outline](#)” for more details.
 - **Monetary limit** is the amount the contractor is approved to contract, plus 10%) is assigned to the contractor's license based upon their financial statement and experience.

Consumers may also verify a license status and complaint history by calling our office toll-free at **800-544-7693**.

COMPLAINT HISTORY

The “[Disciplinary Action](#)” reports and “[Problem Contractor](#)” list will only disclose “closed” complaints. Those cases which are still open and pending an investigation or disciplinary hearing, are not listed and you would need to check with our Board on their complaint history. The Board’s website has “[Consumer Resources](#)” with links to the Division of Consumer Affairs; Better Business Bureau (*BBB*); Federal Emergency Management Agency (*FEMA*); and also check with the “[Division of Insurance](#)” for more relative information.

Following these tips may prevent a natural disaster from further resulting into a man-made one. Due to the current conditions of the building industry, several licensed contractors are available and offer competitive price estimates.

Should you encounter problems while rebuilding or wish to report an unlicensed contractor, you may do so by completing a complaint form from the website or contacting the Board’s office.

Website: <http://tn.gov/commerce/boards/contractors/>
Telephone: 800-544-7693

OTHER RESOURCES

Better Business Bureau (BBB) – Check complaint history and tips to prevent scam artists.
<http://nashville.bbb.org/>

Local Government Officials
<http://www.tennesseeanytime.org/local/index.html>

Tennessee Emergency Management Agency (TEMA) – Disaster Assistance Information
<http://www.tnema.org/>

Tennessee Department of Environment and Conservation – Mold Tips
<http://health.state.tn.us/environmental/mold.htm>

Tennessee Department of Health – Flood and Safety Tips
<http://health.state.tn.us/floodandsafety.htm>