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Michigan Consumers Warned to Beware of Unlicensed Builders

You've no doubt heard the saying, "If it sounds too good to be true – it probably is." That is certainly the case when it comes to unlicensed builders who prey on Michigan consumers trying to save money on residential construction costs. What may sound like a bargain often ends up turning a dream residential construction project into a costly nightmare for unsuspecting consumers.

"Builders cannot get permits for residential construction projects without a license," said Dale Shugars, Executive Vice President of the Home Builders Association of Greater Kalamazoo. "While that may sound like a way to cut corners and save costs, that also means no inspections will be done to ensure the quality of work and that the project is up to code."

Under Michigan law, all contractors offering to do work which totals \$600 or more in labor and materials must be licensed by the Department of Energy, Labor & Economic Growth (DELEG). A Residential Builders license allows a contractor to build a complete structure and do maintenance or alteration (remodeling) work. A Maintenance & Alteration license indicates that the holder has met requirements for one or more of 14 different trades. The trades in which a contractor is qualified to practice are listed on the license.

Consumers should also be wary of builders who offer a "special low price" or claim they have materials left over from another job they can use on their project. Legitimate builders and remodelers do not over buy materials for a job. Consumers are also warned to be cautious about any builder who asks to be paid in cash or requires total payment up front. Hiring unlicensed builders also exposes the consumer to potential liability issues that could be very costly.

“A consumer who contracts with an unlicensed contractor can be held liable for on-the-job injuries sustained by that unlicensed person and their employees,” said Mr. Shugars. “This exposes the consumer to the possibility of paying medical bills and lost wages. Licensed contractors must carry workers compensation insurance to cover injuries to their employees. Unlicensed builders do not.”

Licensed contractors offer consumers several benefits, including:

- The contractor knows his/her trade and has been tested and approved, including a credit check by the state of Michigan;
- They are required to show continuing competency in their profession to keep their license. They know and build to the Michigan Residential Code;
- Liability for on-the-job injuries will rest with the licensed contractor, not with the consumer.

All licensed contractors carry a pocket license card, which consumers should ask to see. If they cannot show their license, consumers should call the Michigan department of Labor and Economic Growth’s (DELEG) at (517) 373-8376 or visit the DELEG website at www.michigan.gov/builders, and click on “check a license” to confirm that an individual or company has a license.

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ABOUT HBAGK: The Home Builders Association of Greater Kalamazoo is the professional association for members of the housing industry in Kalamazoo, St. Joseph, and Van Buren Counties as well as the southern halves of Allegan and Barry Counties. Builder members consist of residential contractors, remodelers, and developers. Associate members represent all professions that support the home building industry. The HBAGK exists so that members of the residential construction industry can ethically and efficiently provide our communities with safe, quality, affordable housing and to promote home ownership. It is affiliated with the National Association of Home Builders and the Michigan Association of Home Builders.