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SOUTH CAROLINA DEPARTMENT OF CONSUMER AFFAIRS, P. O. BOX 5757, COLUMBIA, S. C. 29250 1-800-922-1594

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BEWARE OF HOME REPAIRS AND
REMODELING FRAUD

Most home repair and remodeling contractors conscientiously try to give their customers full value for their money. Unfortunately, home improvement rackets do exist and home repair complaints consistently rank among the top ten. Here are some common sense rules to follow which may help you avoid home repairs fraud. Read and understand every word of any contract or other paper before you sign it. - Never sign a contract with anyone who makes fantastic promises. Reputable dealers are not running give-away businesses. - Avoid unbelievable bargains. The best bargain is a good job. - Do not let any salesman high-pressure you into signing up to buy his materials or services. - Be wary of salesmen who try to scare you into contracting for repairs that they say are urgent. Seek the advice of an expert as to how urgent such repairs are. High-pressure and scare tactics are often the mark of shady operators. - Avoid salesmen who offer you trial purchases or some form of bonus or cash for allowing them to use your house as a model for any purpose. Such offers are well-known gimmicks of swindlers. Never sign a completion certificate until all the work called for in the contract has been completed to your satisfaction. Be careful not to sign a completion certificate along with a sales order. - Proceed cautiously when the lender or contractor requires a lien on your property.

BUYING A HOUSE

Buying a house is more than a casual investment. It's probably the biggest buy you'll ever make. And with today's

prices, the wrong choice could turn out to be your most regrettable financial error. Here are some basic words of advice to keep in mind when shopping for a house. Consider the basics first. Where do you want to live? Where can you afford to live? Whether you choose to look in the city, the suburbs or out in the country, remember to carefully examine factors such as commuting costs, local schools, and the community itself. Consider the matter of paying for your new home. You'll need money for the down payment and the closing expenses. Quite often these can exceed what you might expect. Your monthly expenses for your new home should not exceed 25 to 30 percent of your gross monthly income. Although some families today are spending more than 30 percent on housing costs, you'll want to avoid getting in over your head. Once you're ready for the search, get yourself a notebook so you won't end the day with a blurred impression of houses and neighborhoods you've seen. Contacting a real estate broker can be to your advantage. Multiple listings and your broker's ability to pre-screen houses can save you many a wild goose chase. The broker may even help you with financing. And the usual six to ten percent commission is normally paid by the seller. Should you buy a new house or a used one? Statistics show that two out of every three buyers select a used house. One of the biggest advantages of a used house is more space for the money. And, if the lot is planted with trees and shrubs, you'll save the expense of landscaping. But the older house that looks like a bargain could turn out to be a maintenance headache. So make sure you have an expert appraisal. The \$125 to \$200 you spend will be well worth it. A new house should minimize your maintenance expenses during the first years. And it may be somewhat easier to secure financing with a lower downpayment.

But don't be overwhelmed by glittering model homes. Make sure you understand which features are part of the deal, and which are extra.

HOME REPAIRS AND REMODELING

Complaints, problems and misunderstanding about home improvements, repairs and remodeling rank among the top ten complaints which are filed each year with the South Carolina Department of Consumer Affairs. A written contract for your home repairs is your insurance that the job will be done correctly and on time. The following suggestions are offered to assist you in selecting a reputable contractor and writing a repairs or remodeling contract that protects you against problems caused by incompetence or fraud. Get at least three bid estimates. Be certain each contractor bids on exactly the same work. If one contractor bids on more work than others, make a note of it. In any event, all bids should be itemized. Know who you are dealing with. Find out the contractor's address and verify it. Ask for and check references with previous customers, and lending institutions. Inspect work done for others when possible. A reputable contractor can usually charge building materials and does not normally require a large down-payment. Where one is required, it should not exceed 10 to 25 percent of the total price. Be specific. Have samples, model numbers, pictures or anything else that will show the contractor exactly what you want. If you don't specify quality of materials in the contract, you are leaving it up to the contractor to decide what materials will be used. Be certain the materials you have selected are what you want. Changing your mind in the middle of a construction project is costly. If you do change your mind, be prepared to pay extra for the privilege. No one is required to guarantee his work or product. But if you want a guarantee or warranty, make sure the contractor understands this is a requirement before he comes to bid on the work. Make sure any warranty or guarantee agreement is written in the contract and you both understand it. If you are dissatisfied with any part of the work, speak-up before the job is completed. Accept no verbal promises or agreements. Any changes in the contract should be written out and initialed by both parties. Contracts should specify a beginning and completion date, exact description of job to be done, total cost of the job. If the contract is for an hourly rate or on a "cost plus" basis, get an estimate of total costs and exact

schedule for payment and what warranty or guarantee can be expected. Do not pay the contractor or repairman the full amount due until the job has been completed satisfactorily. Keep a signed readable copy of the contract in a safe place. If the contractor asks for partial payments as the work is completed, a good rule of thumb for such as-work-is-completed payment plans is 25% of total payment made when 25% of the work has been completed, 50% when job is approximately half done, and so on. However, it is wise to hold the final 25% of the payment until you are fully satisfied that all work is completed and that the work has been done to your full satisfaction. The contract should also specify that the contractor secures all permits and variances, carries full insurance on his employees, releases you from all liens, credits you for surplus materials, and will clean up the work area after completion of the job.

CHECK OUT OLD HOUSES CAREFULLY

If you plan to buy a previously-owned house, include a clause that gives you the right to hire a professional inspector to do a comprehensive check of the structure and condition of the house. The following checks are very important and the cost of necessary repair work should be reflected in the selling price of the house: termite infestation and woodrot; sagging structure; poor electrical wiring; rundown heating system; plumbing; capacity of hot water heater; leaky roofs; wet basements; inoperative windows and doors.

CONDOMINIUMS AND COOPERATIVES

Condominiums have become a housing way-of-life in many urban areas. Condominium owners get their own deed, financing and tax bills. This is in contrast to a cooperative whose members own stock (or membership) in the cooperative which entitles them to live in a unit, but where the cooperative corporation actually owns the apartment. "Condo" or co-op owners receive the same tax benefits as conventional homeowners. If you are a prospective condominium purchaser, there are a number of items which should be investigated before you sign the contract. Condition of Condominium: If this is a new project, when will it be completed, and what assurances do you have that the builder's timetable

can be met? Is the builder reputable? Visit other projects built by the company, so you can see for yourself. If this is a condominium conversion - an older building being changed from rental to condo apartments, insist on inspecting the condition certificates which are detailed reports made by independent engineering firms outlining the condition of the overall project. Review the documents: There are two documents which should be read and understood before you buy any unit. One is the Master Deed (also called the Declaration), and the By-Laws. These give the structure and operating rules under which the condominium will be managed. For example, will there be a professional manager, or is the developer turning the project over to the condo owners without direction? In the opinion of most real estate people, professional management is a must. But, the owners should have the right to cancel or renew the management contract on a periodic basis. Are there any provisions which will lessen your enjoyment and use of the condo such as a no-pet policy? Will you have full use of all common facilities, such as parking, swimming pool, exercise room or party room? Financial information is another important area to inquire about. When you purchase a condominium, in addition to the monthly mortgage payments, you will have to pay a monthly fee to help maintain the premises. You should be given a budget detailing these monthly fees. This budget should be prepared by an outside accounting or professional management firm. Consumers should be cautious about condominium fees that have been set artificially low to attract buyers. They could rise sharply after you move in.

MOBILE HOMES

With the high cost of single family detached homes escalating, more and more people are buying mobile homes. The following are a few points to keep in mind when buying a mobile home. The price of a mobile home is usually only for the unit itself and does not usually include the cost of a place to put it. These costs vary greatly depending on whether you buy or rent the place and the location. Unlike conventional housing which becomes more valuable over the course of years, mobile homes become less valuable just like the family car. When buying a mobile home, you should make

sure that the price includes transportation to the intended location plus the full cost of the initial 'set up' of the unit on the site. Before buying a mobile home, check all local zoning regulations and building codes. Examine the provisions of any written warranties which may come with the unit, and make sure that the seller has the ability to provide warranty service within a reasonable time after notice of a problem. Even though most mobile home dealers offer comprehensive insurance and financing arrangements, keep in mind that you are paying extra for such services. It may be better to take the time to shop around for the best possible prices for financing and insuring your mobile home. Most banks and savings and loan associations offer mobile home financing and insurance is available through traditional outlets.

DOING IT YOURSELF

As the cost of materials and labor increase, more and more home owners are doing more and more of their own simple home repairs. To decide whether you should make the repair, or hire an expert, consumers should ask themselves these questions. - What type of repair must be made? - What is the extent of the repairs? - What are your actual or potential skills? - Do you have the proper tools to do the job? - How much time will it take? - How important is the repair compared to your time? - What will it cost? - Are reputable repairmen available and how are their prices? - Are standard types of materials required and are they readily available to you? - Will the repair require more materials than labor, or more labor than materials? - How much will you save if you do the work yourself? Consider time. Don't begin a repair unless you have time to do it right. Base your planning on your own abilities, not those of your 'handyman' neighbor. Is there someone you can ask for advice if you get stumped on how to proceed. Once you begin a repair and invest time and money, don't expect a repairman will come in and finish the job for substantially less than what he would have originally charged. Avoid the cost of repeating the same repair because you used faulty materials or procedures.

SMART SHOPPERS

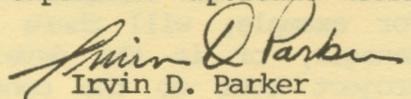
Most shoppers know that they can look

forward to the post-Christmas season for sales on many items. But fewer consumers are aware of other clearances that typically occur at the same time every year. In fact, there are specific sales associated with every month, so the smart shopper can save hundreds of dollars each year by timing purchases carefully. Sales strategy is based on seasonable factors and weather, of course, but also the arrival of new inventory, as well as sales promotions. April is a good month to buy clothes dryers, dresses, Infant's wear, kitchen ranges and men's suits.

ADDENDA

A place of your own in which to live means different things to different people. Young single people may prefer the efficiency apartment. Young married couples usually choose a larger apartment, a rented house or buy that first small home. As families increase in size more space may be required and most families look for a larger house. As children grow up and leave home, parents may decide they need less space and may move back to a smaller home and a widowed parent may return to a similar type of housing he or she began in, an apartment. Thus, housing needs often change as family situations change. But today, housing, along with food, energy and health care is in a great state of flex and housing patterns of consumers are changing. Consumers who have dreamed of buying that first new home are finding that spiraling inflation is making it difficult, if not impossible, to do so. Many consumers

are turning to housing alternatives: used homes instead of new ones, remodeling and renovating a present home instead of selling and buying again, mobile homes, condominiums and cooperatives. As costs of materials and labor increase, more and more home owners are assuming the role of 'handyman' doing repairs themselves rather than hiring others to do it. This edition of our newsletter addresses some of the decisions and problems faced by consumers in the housing crunch. It is by no means comprehensive - the subject is far too broad - but we hope some of the suggestions made in its pages may help you or suggest areas for independent study on your part before you make expensive important housing decisions.


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