
NEWS RELEASE

CONTACT: Mary Broz Vaughan

Director of Communications, Legislation & Consumer Education
(804) 367-9142 or Mary.Broz-Vaughan@dpor.virginia.gov

New Law Increases Earning Potential for Contractors *Change affects what consumers should know when hiring a contractor*

RICHMOND – Effective July 1st, a new law will affect what consumers should know before hiring a contractor to work on their homes. The General Assembly unanimously passed, and Governor Bob McDonnell signed, the legislation sponsored by Southside Delegates Don Merricks and Danny Marshall.

House Bill 250 increases the single contract cap for Class C contractors to \$10,000. Previously, Class C contractors could not legally enter into contracts worth more than \$7,500. Because the Class C contract cap had not been updated by the legislature since 1995, the monetary limit failed to keep pace with inflation or increased construction costs.

The Board for Contractors at DPOR currently licenses approximately 21,000 Class C contractors, and receives about 250 Class C applications per month. The new law will allow these contractors to increase their contract size and earning potential without upgrading to a Class B license, which requires an examination and net worth minimum.

Class of license determines the monetary restrictions on the dollar amount of the contract the contractor can complete. Home improvement or other construction work valued at \$1,000 or more requires a valid state license issued by the Board for Contractors.

Under the new law, Class C contractors may now enter into contracts valued up to \$9,999, not to exceed \$150,000 a year. Class B contractors are permitted to enter into contracts that do not exceed \$120,000, and may perform up to \$750,000 of work in a year. Class A contractors are unrestricted in the dollar amount of contracts they may complete.

Before hiring a contractor, consumers should observe the following “Top Ten Tips:”

1. Hire only licensed contractors.
2. Check for a valid contractor license at www.dpor.virginia.gov or (804) 367-8511.
3. Get three references and review past work.
4. Get at least three bids.
5. Insist on a written contract and do not sign anything until you understand the terms.
6. Pay 10 percent down or \$1,000, whichever amount is less.
7. Do not let payments get ahead of the work. Keep records of all payments.
8. Do not make final payment until you are satisfied with the job.
9. Do not pay cash.
10. Keep a job file of all papers relating to your project (change orders, warranties, etc.).

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About DPOR and the Board for Contractors:

The Virginia Department of Professional and Occupational Regulation (DPOR) regulates nearly 40 occupations/professions designated by the General Assembly. The Board for Contractors licenses more than 100,000 contractor firms and tradesmen. The Board administers the Virginia Contractor Transaction Recovery Fund, which provides monetary relief to eligible consumers who incur losses through the improper and dishonest conduct of a licensed contractor. Visit DPOR online at: www.dpor.virginia.gov.