

What to Look for when Verifying Contractor License Information

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Hiring licensed contractors for residential or commercial construction projects should be a standard practice for any property owner. Whether making minor repairs to the property, having annual inspections performed on essential systems, or planning a more extensive home renovation project, verifying and hiring only licensed contractors can help reduce the risk and liability of owners throughout the course of the project.

Held accountable to Nevada construction and building laws, licensed contractors have demonstrated knowledge of their trade and industry standards, as well as the requirements expected of them when performing construction-related services within the State of Nevada. Although limited exceptions may apply, contractors are generally responsible for maintaining a workers' compensation insurance policy, a cash or surety bond, and are required to provide owners of each project with certain disclosures.

The Nevada State Contractors Board (Board) works closely with state agencies and local building officials to enforce the laws and regulations within the construction trade, and has complaint processes in place to investigate and discipline contractors who fail to uphold these responsibilities.

While these services are a valuable resource to property owners, the Board wants to ensure the initial steps of finding and verifying a licensed contractor's credentials are understood to help facilitate informed decision-making prior to work beginning. Below are some considerations when beginning the search for a licensed contractor:

- Have a clear scope of work outlined that identifies the construction trade(s), or license classifications, to be performed.
- Ask trusted sources for licensed contractor referrals.
- Use the Board's contractor search feature to locate licensed contractors by classification within your county.
- Obtain a minimum of three bids when possible.
- Always verify a contractor has an "Active" license status.

While having an "Active" license status is the most important detail owners need to verify before entering into a contract, there are other license details that should be reviewed, which may raise potential red flags to consider.

The Board's "License Search" tool available on the homepage (www.nscb.nv.gov), will guide the user through finding a contractor by license number, company name, or owner's name. Once a contractor has been located, a "License Details" page will appear, which contains all publicly available information regarding the licensed entity.

Owners should take a moment to review the following areas of a contractor's license, as it relates to their project:

- **Monetary Limit:** Located on the top right-hand corner of the License Details page, the monetary limit is the total amount a contractor can bid on a single construction project for a single construction site. Generally speaking, the total contract price of your project (including future change orders) should not exceed the monetary limit of the license. If, for instance, your contractor has a \$5,000 monetary limit, but they have provided you a bid for \$5,500, this would be a red flag since the contractor is bidding work in excess of their license monetary limit.
- **License Classification:** Owners can refer to a list of all license classifications and their respective scopes of work provided in Nevada Administrative Code Sections 624.140 – 624.585. When reviewing the License Details page, the classification provided should align with the work to be performed. If a contractor has provided you a bid for a roofing project, but you notice they are licensed to perform landscaping services only, this would serve as a red flag the contractor is working outside the scope of their license.
- **Contact Information:** It is always important to verify the contact information on the License Details page mirrors the contact information on the bid or contract. If the address or phone number vary, contact the company using the number provided on the License Details page and verify the person you are working with is a legitimate and current employee of the company. Discrepancies in contact information could be a red flag that the person you are working with has fraudulent intentions and/or may be using a legitimate company's information without their knowledge.

The Nevada State Contractors Board is more than happy to answer your questions. Never hesitate to call our office at (702) 486-1100 or (775) 688-1141, or visit our website at any time for additional resources!