



## **How to set up a new contractor**

1. Verify Contractor licensure (A, B, C, Trades)

The three contractor business license classes (A,B,C) establishes the limit for contract and annual aggregate dollars by the contractor as follows:

Class A contractors perform or manage construction, removal, repair, or improvements when (i) the total value referred to in a single contract or project is \$120,000 or more, or (ii) the total value of all contracts in one year is \$750,000 or more.

Class B contractors perform or manage construction, removal, repair, or improvements when (i) the total value referred to in a single contract or project is \$7,500 or more, but less than \$120,000, or (ii) the total value of all contracts in one year is \$150,000 or more, but less than \$750,000.

Class C contractors perform or manage construction, removal, repair, or improvements when (i) the total value referred to in a single contract or project is over \$1,000 but less than \$7,500 or total value in a year is less than \$150,000

2. Verify Contractor liability insurance and workers comp

Obtain a copy of the insurance declaration and verify with agent it is paid up to date

3. Verify references & photos of actual work

4. Have Contractor complete a W-9 for tax reporting

If contractors don't want to pay taxes, then they are likely not licensed either.

5. Complete the contractor agreement

6. Complete the indemnity agreement

