

# FACT SHEET: CONTRACTOR RECOVERY FUND

## MINNESOTA DEPARTMENT OF LABOR AND INDUSTRY

### WHAT IS THE CONTRACTOR RECOVERY FUND?

The Contractor Recovery Fund was created by the legislature in 1994 to compensate certain owners or lessees of residential property who have suffered a direct and out-of-pocket loss due to fraudulent, deceptive, or dishonest practices, conversion of funds or failure of performance that arose out of a contract directly between the licensee and the homeowner.

### HOW DOES THE FUND WORK?

Each licensed residential building contractor pays a fee into the fund as a part of paying for their license. DLI reviews cases, determines whether a homeowner is eligible, and decides the amount of compensation available. Applicants may be paid up to \$100,000 per claim.

### HOW DO I MAKE APPLICATION TO THE FUND?

The following items must be completed **before** submitting an application:

- Check to make sure your contractor was licensed at the time you entered into your contract. A directory of licensed contractors is at <https://secure.doli.state.mn.us/lookup/licensing.aspx>.
- Obtain a final judgment against the licensed residential contractor. A judgment is the result of filing a successful lawsuit or the filing of a settlement agreement reached through mediation.
- After obtaining your judgment you must “docket” and formally “enter” your judgment in District Court. This makes the judgment a legally collectable document. Contact the clerk of the District Court of the county in which you obtained your judgment for instructions.
- If DLI approves payment, the homeowner will assign its rights to the portion of the judgment that DLI has agreed to compensate the homeowner. If the approved payouts exceed the amount available for payments, DLI will prorate the amount available among the owners and the lessees. The deadlines for application to the fund each year are July 1 and Jan. 1.



Download an application packet at [dli.mn.gov/workers/homeowners/contractor-recovery-fund](https://dli.mn.gov/workers/homeowners/contractor-recovery-fund).