

A's to FAQ's

[Under the leadership of our Immediate Past-President, Stephen Marvin, the SCSA has been on a long-term project to upgrade our website, www.SCSAonline.com. One of the new features will be a "Frequently Asked Questions" (FAQ's) section. For the next few months, we will be publishing selections from the website's new FAQ section.]

Q: Do I need a contract at all?

A: Not if you're good at dodging bullets! Sure, we've talked to alarm company dealers who have been in business for many years without having written contracts with their clients and claim nothing has ever gone wrong. Lucky guys! So do you also not carry insurance, because you're 100% sure that nothing ever will go wrong? That's a fool's bet.

First of all, the Alarm Company Act, and therefore the requirement of your ACO license, is that you must have a written contract with your customers. It even prescribes a number of provisions that are required to be in your contracts. So you're operating your business in violation of the law if you don't have a contract.

Just as importantly, the longer you're in business, the more likely it is that something will go wrong. Consider your written contract another form of insurance. And don't be in business without it!

Q: Do I need to have my own contract made? Can't I just copy the other guy's?

A: Like with most things, you get what you pay for! Who says the other guy's contract is legal in the first place, much less that the terms he is using are consistent with the way you do business?

The point of having a written contract, of course, is to satisfy multiple purposes: a) to accurately describe your business relationship with your customers, b) to comply with the provisions of the Alarm Company Act that mandate certain provisions that must be in your contracts (see Q/A1 above) and c) and to protect your company from "taking the blame" in case of a loss suffered by your customers. Unfortunately, we've seen fundamental errors in the contracts of even the largest security companies that might jeopardize any or all of these purposes. When was the last time your buddy had his contract reviewed for legal compliance? The Alarm Company Act and the Contractors State License Law have changed several times in the past few years, * and many contracts we've seen on the street are now well out of compliance.

In short, if you're going to have a contract at all (and the law says you must), you should have one that satisfies the purposes for which it is intended. Consider it a necessary "cost of doing business." Make an investment in having an attorney competent in alarm industry law draft a contract specifically for your company.