

Thank you chairman Paul Doyle, Joseph Taborsak and members of the General Law committee for allowing me to speak to you today regarding HB 5870. I'd like to preface my testimony by saying that for the past 15 years I have worked in the City of Bridgeport's building department. Current regulations allow anyone to send in a fee and obtain a home improvement contractor's registration. It is a registration NOT A LICENCE. I have seen 1000's of inexperienced layman obtaining a registration and I've fielded 100's of phone calls from dissatisfied consumers. Other trades such as electricians, HVAC etc. are all required to go to School, work as journeymen and attend continuing education classes. Real Estate agents, insurance agents must attend school and pass a test, yet, anyone can obtain a home improvement contractor's registration. The Dept of Consumer Protection takes the fees (\$220.00) from the registration to fund a guarantee fund (\$100.00) to reimburse consumers who have sued and won cases against contractors.

The purpose of this bill is to require the Dept of Consumer Protection to offer a licensure test whether it be online/open book or actual classes (with the cost to be paid by the Contractor) showing a basic working knowledge of our state's building codes as well as the requirements of the DCP's regulations including proper contracts. If classes are offered they can be administered by our technical schools. The course of study and test would be developed by the State Building Official's office as well as DPC.

I have included information on our current Guaranty Fund for your review.

### **The Home Improvement Guaranty Fund and the Consumer Protection Enforcement Fund**

The Department of Consumer Protection administers the Home Improvement Guaranty Fund to reimburse consumers who are unable to collect for loss or damage suffered from a **registered** contractor's performing or offering to perform a home improvement. A homeowner must already have a court judgment or restitution order before applying. The following is an example of how the fund works:

- A homeowner has a claim against a **registered contractor** and goes to court. The homeowner is awarded a judgment for \$8,000 and seeks to obtain the money from the contractor, only to find that the contractor is "judgment-proof," (has no money or assets in his name) or that the contractor can no longer be located.
- The homeowner retains a marshal to serve a "writ of execution," proves it to be served, but receives no response.

For homeowners in such situations with legal judgments, there may be financial help from the *Home Improvement Guaranty Fund*, up to \$15,000 for home improvement. The Fund will not make all aggrieved consumers financially whole again, but it is substantial restitution for many.

- To qualify, along with a legal judgment, the consumer must have tried to search for real property and bank accounts by having a marshal serve the "writs of execution" upon the contractor. Small claims judgments are exempt from this requirement. The consumer must also have a contractor who was registered at the time of the contract, within two years prior to the date of the contract, or at the time of the judgment.

- To access the Home Improvement Guaranty Fund, the consumer must apply in writing within two years of the date of the legal judgment.

*How the funds are generated*

When a home improvement contractor registers or renews with the Department \$100 of the registration/renewal fee goes to the Home Improvement Guaranty Fund. However, the Home Improvement Guaranty fund is capped at \$750,000. The next \$400,000 collected in fees from the home improvement contractors' registrations is deposited into the **Department of Consumer Protection's General Enforcement Fund**. The Department uses this money to enforce the Home Improvement Act by conducting sting operations, offering bounties or amnesty programs to find and encourage unregistered contractors to comply with the law, and by educating consumers about the law's requirements and the need to do business with registered contractors. Any registration/renewal funds collected in excess of the \$750,000 Home Improvement Guaranty Fund and the \$400,000 Consumer Protection General Enforcement Fund go to the General Treasury of the State of Connecticut.

## **HOME IMPROVEMENT CONTRACTOR APPLICATION** **INSTRUCTIONS**

Checks or money orders should be made payable to: "*Treasurer, State of Connecticut*"

**Registration Fees :( \$120.00 Registration Fee/\$100.00 Guaranty Fund Fee)**

**All Registrations Expire November 30 and Must Be Renewed Annually**

**Total Due: \$220.00**

All applicants applying for a home improvement registration must complete the appropriate sections as indicated below:

If you are applying as an **INDIVIDUAL**, complete:

**SEC I. Individual Information**

If applicable, print your trade (business) name.

\* If your business and residence address are different, complete your business address and add your personal residence address to Section III.

**SEC II. Organizational Structure**

Check "Sole Proprietorship"

**SEC IV. Relevant Information**

Answer all questions listed.

**SEC V. Notarized Signature**

If you are applying as a **PARTNERSHIP**, complete:

**SEC I. Business Information**

Print your business information.

**SEC II. Organizational Structure**

Check "Partnership"

**SEC III. Personal Information**

Complete the personal information and residence address for each partner.

**SEC IV. Relevant Information**

Answer all questions listed.

**SEC V. Notarized Signature**

Each partner must have his/her signature notarized.

If you are applying as a **CORPORATION** or **LIMITED LIABILITY COMPANY** or **LIMITED LIABILITY PARTNERSHIP**, complete:

**SEC I. Business Information**

Print your business information.

**SEC II. Organizational Structure**

Check "Corporation" and submit a copy of your Articles of Organization or

Check "Limited Liability Company" and submit a copy of your Articles of Organization (Foreign Corporations, LLC's

and LLP's shall provide an acceptance letter from the Connecticut Secretary of State's office stating their Articles of Organization)

Check "Limited Liability Partnership"

**SEC III. Personal Information**

Complete the personal information and residence address for the contractor of record and ALL Corporate officers, LLC or LLP members;

**SEC IV. Relevant Information.**

Answer all questions listed.

**SEC V. Notarized Signature.**

At least one (1) Corporate Officer, LLC or LLP Member must have his/her signature notarized.

**To obtain additional information, please contact the following agencies:**

Registration info at License Services (860) 713-6000 |

license.services@ct.gov

Department of Consumer Protection: Home Improvement Enforcement Unit (860) 713-6110

165 Capitol Avenue Email: trade.practices@ct.gov

Hartford, CT 06106 Web Site: [www.ct.gov/dcp](http://www.ct.gov/dcp)

Department of Revenue Services (860) 297-5962

Web site [www.ct.gov/drs](http://www.ct.gov/drs)

**Certificate of Authority for Out of State Corporations:** Secretary of State for Connecticut, 30 Trinity Street, Hartford, CT 06106

**And Articles of Organization Information (860) 509-6200 or [www.sots.ct.gov](http://www.sots.ct.gov)** STATE OF CONNECTICUT DEPARTMENT OF CONSUMER PROTECTION

## QUESTIONS AND ANSWERS ABOUT CONNECTICUT'S HOME IMPROVEMENT LAW

**Q: Who is required to register with the Department of Consumer Protection under the Connecticut Home Improvement Act?**

A: Home improvement contractors and salespersons contracting to work on residential property; anyone signing a contract with a homeowner must register.

**Q: What is a "Home Improvement Contractor"?**

A: Anyone who performs or offers to perform any home improvement, unless the home improvements total \$1,000 or less in a 12 month period or any single contract is worth less than \$200.00.

**Q: What is the definition of "Home Improvement"?**

A: Home improvement is any permanent change to residential property, including but not limited to driveways, swimming pools, porches, garages, roofs, siding, insulation, solar energy systems, flooring, patios, landscaping, painting, radon mitigation, residential underground oil tank removals, fences, doors, windows and waterproofing, unless the work contracted for is worth less than \$200.00.

**Q: What work is not home improvement?**

A: The following work is exempt:

- (1) new home construction; (a separate registration is required for new home construction)
- (2) work on commercial or business property,
- (3) work related to easily removable appliances, and
- (4) work performed without pay by the owner on his own private residential property.

**Q: What are four basic requirements of registered contractors?**

A: The following:

- (1) certificates of registration which are not transferable to other persons,
- (2) contractors must show their registration certificate to customers or potential customers who request it,
- (3) registration numbers must be included in any advertising, including contracts, business cards, vehicles, etc., and
- (4) the contractor shall provide and deliver to the owner a free, completed copy of the contract at execution.

**Q: What provisions must be part of a home improvement contract?**

A: All of the following provisions are required for a valid legal contract:

- (1) in writing,
- (2) signed by the owner and the contractor,
- (3) contains the entire agreement between the owner and the contractor,
- (4) contains the date of the transaction,
- (5) contains the name and address of the contractor,
- (6) contains a notice of the owner's three day right of cancellation,
- (7) contains a starting date and completion date, and
- (8) the contractor signing the contract is properly registered.

Notes:

(1) These question and answers are provided as a brief overview of the CT Home Improvement Act and Home Solicitation Sales Act in plain language. The specific legal provisions of the law can be found in Chapters 400 and 740 of the CT General Statutes.

(2) If you would like a copy of a booklet entitled, "The Connecticut Home Improvement Contractor," please call the Department of Consumer Protection at 860-713-6110 or 1-800-842-2649 or download from our web site at [www.ct.gov/dcp](http://www.ct.gov/dcp)