

House Republican Press Release

March 14, 2007
Press Office: 860-240-8700

Protecting Homeowners from Incompetent; Unscrupulous Contractors



If you've ever suffered a major financial loss because an unscrupulous or incompetent home improvement contractor failed to deliver on a project, you know just how devastating the experience can be.

If the contractor leaves a project only partially completed or bungles the work, you are faced with the problem of finding another company to finish the job or correct the mistakes made by the original contractor.

That means delays in completing your project and additional costs to get the job done and done right.

Delays can be critical - especially if your project involved significant reconstruction work that left your home exposed to damage from the elements.

If an unscrupulous contractor cuts corners and does shoddy work with the intention of defrauding you, your chances of recovering damages from him are slim to none.

The same holds true for a contractor who declares bankruptcy and cannot complete your project.

Over the past few years, Connecticut homeowners who have suffered those kinds of losses have been able to obtain restitution from the state's Home Improvement Contractor Guaranty Fund - up to a maximum of \$15,000.

The fund was established in 1988 to reimburse people who are unable to recover losses from contractors registered with the state Department of Consumer Protection (D. C. P.) who fail to fulfill their contracts. At that time, the maximum restitution that could be made from the fund amounted to \$10,000.

The maximum restitution rate was increased to \$15,000 in 1999.

Registered home improvement contractors and salespeople pay annual fees (\$100 and \$40 respectively) into the fund when renewing their registrations. The fund is administered by the Department of Consumer Protection. Before entering into a contract for a home improvement project, homeowners should call D. C. P. at 860 713-6050 to make sure their contractors are registered.

A homeowner who obtains a court judgment against a registered contractor, or who is listed as a creditor in the contractor's bankruptcy discharge, may apply for restitution for the amount of the judgment (other than punitive damages) minus any amount already recovered from the contractor.

The Home Improvement Contractor Guaranty Fund is capped by state statute at a total not to exceed \$750,000.

When annual fees collected from contractors and salespeople cause the fund to go over the cap, the first \$400,000 collected above the \$750,000 cap is deposited in the D. C. P.'s consumer protection enforcement account. If more than \$400,000 in excess fees is collected, the money goes to the state's General Fund.

During the 18 month period before January 2007, more than \$5.8 million was paid into the fund; over \$3.3 million in consumer restitution payments were approved; \$800,000 was transferred to the consumer protection enforcement account; and more than \$930,000 was deposited into the General Fund.

The fund has helped hundreds of consumers almost every year since it was established.

However, as the cost of home improvement projects has gone up over the past few years, many homeowners have found that the maximum reimbursement of \$15,000 has been inadequate to cover their losses, leaving them with significant additional out-of-pocket costs.

That is why I am cosponsoring a measure (**House Bill 7038**) that would increase the maximum amount a homeowner could be reimbursed from the fund from \$15,000 to \$20,000.

Connecticut homeowners pay thousands of dollars every year in property taxes to their towns and pay even more when the home improvement projects they finance increase the assessed value of their homes.

The Home Improvement Contractor Guaranty Fund collects hundreds of thousands of dollars more in fees than it pays out in reimbursements and is in no danger of going belly up anytime soon.

Increasing the maximum allowable reimbursement they can receive when a contractor defaults on his contractual obligations will help hundreds of Connecticut residents who invest in the future of their homes and find themselves facing a substantial financial loss through no fault of their own.

It is a reasonable and fair response to the rising cost of home improvement projects and to the potentially disastrous impact a contractor's failure to uphold his side of the bargain can have on Connecticut families - and it will not threaten the integrity of the fund.

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Note: If you support the bill and would like it to become law, you should call, write, or e-mail your state representative and your state senator and urge them to vote for it - and be sure to mention the bill number (**H. B. 7038**).