

FROM THE OFFICE OF
STATE REPRESENTATIVE RUTH JONES MCCLENDON

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**Ritter/McClendon Bill Protecting Homeowners
from Contractor Fraud Passes House 135-1**

House Bill 1038, authored by Representatives Allan Ritter (Nederland) and Ruth Jones McClendon (San Antonio) has passed the Texas House of Representatives and has been sent to the Texas Senate with an impressive vote of 138-1 (and 1 other not voting). The bill is intended to give additional powers to the Texas Residential Construction Commission (TRCC) to protect homeowners from unscrupulous home builders and home improvement contractors.

"I was proud to have worked with consumer groups, Texas home builders, Representative McClendon and a number of my other colleagues in the House to make this the best bill possible. HB 1038 provides a variety of tools to enhance the TRCC's ability to protect homeowners and give residential builders in this state a fair and predictable set of guidelines under which to operate," Representative Ritter said.

Representative McClendon states, "There are many reputable builders and remodeling contractors who do a good job on home improvement projects. For those who don't, we're putting some teeth in the law so that homeowners will be protected." In addition, Representative McClendon emphasized, "There have been too many horror stories of contractors who have taken money from elderly homeowners and left the job half-done, or not done at all. This Bill would put a stop to that kind of scam."

The Representative's involvement in this issue resulted from being "ripped off" by a fraudulent contractor who has since been prosecuted by Bexar County District Attorney Susan Reed. The Court found that the contractor was involved in an organized crime scam involving numerous unsuspecting San Antonians and senior citizens.



Certain contractors would be required to register with the Commission, and be subject to its disciplinary oversight; administrative penalties for non-compliance could be as much as \$100,000. The registration requirement would apply to residential construction and remodeling projects costing more than \$10,000. Small projects (those costing \$10,000 or less), such as handy-man projects, would not require the contractor to register with the Commission. Projects costing more than \$10,000 would require that the contractor state their registration number in the construction contract and also provide it to cities issuing residential construction permits. Certain contract disclosures to protect the homeowners would also be required.

Under this proposal, homeowners who have a complaint could ask the Residential Construction Commission to take disciplinary action; it could also issue cease-and-desist orders and pursue misdemeanor criminal penalties against non-complying contractors. The Bill will also establish an interim study committee to consider whether the Texas Residential Construction Commission should create a "recovery fund" that would provide some relief for certain types of damages.

Representative McClendon serves on the House Committee on Appropriations, Pensions & Investments (on which she holds a seniority appointment and serves as Chief Budget Officer). Additionally, she is Chair of the House Committee on Rules & Resolutions. She also serves on the Sunset Advisory Commission, which oversees all agencies under the auspices of the State of Texas. Representative McClendon invites constituents with comments on legislative issues, or who may have ideas for legislation, to contact her at the Capitol office at 512-463-0708. The District office will remain open during the 80th Legislative Session and may be reached by calling 210-225-2107.