

**May 2, 2002**

**Commissioner Dykstra Hands Out Checks to 19 Victims; Boost Trust Fund Pay Out Cap to \$15,000**

Homeowners who have had their homes damaged by unscrupulous home improvement contractors received checks ranging from \$175 to \$15,000 from New York City Consumer Affairs (DCA) Commissioner Gretchen Dykstra today. The Commissioner handed out over \$162,000 in checks as she announced that Consumer Affairs was increasing the cap on payouts from its home improvement contractor trust fund. Under the new cap, awards for victims of shoddy contractors would be increased from 60% with a maximum award of \$10,000, to 100% with a maximum award of \$15,000.

"Unfortunately, when consumers find that their home has been left in shambles by an unscrupulous contractor who then goes out of business or leaves town, there is little recourse unless the consumer was smart enough to use a contractor licensed by the Department of Consumer Affairs," said Commissioner Dykstra. "Fortunately, the HIC Trust Fund can provide some relief. By increasing the pay out cap consumers can recoup a larger percentage of their costs and, in most instances, enough to cover all of the original costs."

The HIC Trust Fund was established as a restitution fund for consumers who have used a licensed contractor, but that contractor performed shoddy or substandard work and subsequently went out of business. The Trust Fund enables Consumer Affairs to offer restitution to consumers after a hearing has been held and a judgement is awarded. Contractors who are applying for a license must pay \$200 into the Trust Fund or post a bond of \$20,000. An additional payment of \$200 dollars is required every two years when the licensed is renewed.

"Increasing the cap on the Trust Fund, has enabled us to distribute an additional \$60,000 to these homeowners today," said the Commissioner. "When contractors fail to keep their part of the bargain with consumers, Consumer Affairs will do everything it can to track down that contractor and gain restitution for the consumer. The HIC Trust Fund is an additional safety net that gives consumers greater piece of mind when hiring a licensed contractor."

In total, 19 checks ranging from \$175 to the maximum \$15,000 for a total of 162,866 were distributed by Consumer Affairs. Under the previous cap, \$102,719 would have been distributed ranging from \$105 to the \$10,000 maximum.

"The Trust Fund and DCA works for contractors as well. By paying into the Trust Fund, contractors are saved the expense of obtaining a bond. By making sure that they are properly licensed, contractors have greater recourse to defend themselves



from false claims or when a client refuses to pay up when the job is done," concluded the Commissioner.

Commissioner Dykstra offered New Yorkers the following tips to finding a home improvement contractor:

*Check the contractor's references.* Legitimate contractors will stand behind the work they have done. Consumers should ask for the names and addresses of former clients and follow up with them.

*Get everything in writing.* Consumers should leave nothing to chance and should get, in writing, every detail of the job including: payment schedule, job completion schedule, and complete job description including the materials to be used. Consumers have the right to cancel the contract within three days.

*Be sure the contractor is insured.* If a contractor cannot immediately provide proof of insurance, a clause in the contract should require the contractor to provide the proof before beginning work. Contractors must also obtain the proper permits.

*Pay as little up front as possible.* Holding money back until the job is completed gives the contractor incentive to finish the job. Contractors who get the bulk of the money up front could disappear without performing the job.

*Only use contractors licensed by DCA.* There are approximately 5,000 licensed home improvement contractors in New York City. However, many others are unlicensed, uninsured and unaccountable when things go wrong. Licensed contractors take a written exam, are fingerprinted, and must post a bond or contribute to the Department's HIC Trust Fund.

*Check the contractor's complaint history.* Consumers should call the DCA Hotline (487-4444) to make sure there have been no serious complaints against the contractor they wish to use.

*Inspect all work carefully before making your final payment.* Check the work when the contractor is not looking over your shoulder and make sure any defects are fixed before making the final installment.

For information regarding the HIC trust fund, to check the license status of a contractor, or to file a complaint, contact the Department of Consumer Affairs at:

New York City Department of Consumer Affairs  
Consumer Complaint Division  
42 Broadway, 9th Floor  
New York, NY 10004  
(212) 487-4444