

3643

2009-2010 Regular Sessions

I N   A S S E M B L Y

January 27, 2009

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Introduced by M. of A. PHEFFER -- Multi-Sponsored by -- M. of A. FIELDS,  
GABRYSZAK -- read once and referred to the Committee on Consumer  
Affairs and Protection

AN ACT to amend the general business law, in relation to the registra-  
tion of home improvement contractors; and to amend the state finance  
law, in relation to establishing the home improvement trust fund

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEM-  
BLY, DO ENACT AS FOLLOWS:

1     Section 1. Section 770 of the general business law is amended by  
2     adding six new subdivisions 8, 9, 10, 11, 12 and 13 to read as follows:  
3     8. "CERTIFICATE" MEANS A CERTIFICATE OF REGISTRATION ISSUED UNDER THIS  
4     ARTICLE.  
5     9. "BOARD" MEANS THE NEW YORK STATE CONSUMER PROTECTION BOARD.  
6     10. "DIRECTOR" MEANS THE EXECUTIVE DIRECTOR OF THE STATE CONSUMER  
7     PROTECTION BOARD.  
8     11. "FUND" MEANS THE HOME IMPROVEMENT TRUST FUND ESTABLISHED PURSUANT  
9     TO SECTION NINETY-NINE-Q OF THE STATE FINANCE LAW.  
10    12. "PRIVATE RESIDENCE" MEANS A SINGLE FAMILY DWELLING, A CONDOMINIUM,  
11    A COOPERATIVE APARTMENT OR A MULTIFAMILY DWELLING CONSISTING OF NOT MORE  
12    THAN TWELVE RENTAL UNITS.  
13    13. "FINAL JUDGMENT" MEANS ANY FINAL JUDGMENT OBTAINED IN A COURT OF  
14    COMPETENT JURISDICTION, FINAL AWARD IN ARBITRATION OR FINAL DISPOSITION  
15    OF A BANKRUPT'S ESTATE.  
16    S 2. The general business law is amended by adding eleven new sections  
17    770-a, 770-b, 770-c, 770-d, 770-e, 770-f, 770-g, 770-h, 770-i, 770-j and  
18    770-k to read as follows:  
19    S 770-A. REGISTRATION REQUIRED. 1. ON OR AFTER MARCH FIRST, TWO THOU-  
20    SAND TEN, NO PERSON, FIRM OR CORPORATION SHALL HOLD HIMSELF, HERSELF, OR  
21    ITSELF OUT TO BE A HOME IMPROVEMENT CONTRACTOR IN NEW YORK STATE WITHOUT  
22    FIRST REGISTERING WITH THE BOARD AS PROVIDED IN THIS ARTICLE.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets  
[ ] is old law to be omitted.

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1 2. THE FOLLOWING PERSONS AND ORGANIZATIONS ARE NOT REQUIRED TO REGIS-  
2 TER AS HOME IMPROVEMENT CONTRACTORS:

3 (A) THE STATE, MUNICIPALITIES OF THE STATE, OR ANY DEPARTMENT OR AGEN-  
4 CY OF THE STATE OR SUCH MUNICIPALITIES;

5 (B) THE UNITED STATES OR ANY OF ITS DEPARTMENTS OR AGENCIES; AND

6 (C) ANY SCHOOL, PUBLIC OR PRIVATE, OFFERING AS PART OF A VOCATIONAL  
7 EDUCATION PROGRAM COURSES AND TRAINING IN ANY ASPECT OF HOME IMPROVE-  
8 MENTS.

9 S 770-B. INITIAL APPLICATION FOR REGISTRATION. 1. ANY PERSON, FIRM OR  
10 CORPORATION SEEKING A CERTIFICATE OF REGISTRATION AS A HOME IMPROVEMENT  
11 CONTRACTOR SHALL FILE WITH THE BOARD AN APPLICATION FOR REGISTRATION IN  
12 SUCH FORM AND DETAIL AS THE BOARD SHALL PRESCRIBE, INCLUDING THE FOLLOW-  
13 ING:

14 (A) THE NAME AND RESIDENCE ADDRESS OF THE APPLICANT;

15 (B) THE BUSINESS NAME, IF OTHER THAN THAT OF THE APPLICANT;

16 (C) THE PLACE, INCLUDING THE CITY, TOWN OR VILLAGE, WITH THE STREET  
17 AND NUMBER, WHERE THE BUSINESS IS TO BE LOCATED;

18 (D) THE BUSINESS TELEPHONE OF THE APPLICANT;

19 (E) THE LENGTH OF TIME THAT THE APPLICANT HAS BEEN A HOME IMPROVEMENT  
20 CONTRACTOR; AND

21 (F) A SWORN STATEMENT BY THE APPLICANT THAT THE INFORMATION SET FORTH  
22 IN THE APPLICATION IS CURRENT AND ACCURATE.

23 2. SUCH APPLICATION SHALL INCLUDE A STATEMENT INDICATING WHETHER OR  
24 NOT THE APPLICANT HAS:

25 (A) BEEN CONVICTED OF ANY CRIME DEFINED IN ARTICLE ONE HUNDRED FIFTY-  
26 FIVE OF THE PENAL LAW OR ARTICLE TWENTY-TWO-A OF THIS CHAPTER OR IS A  
27 DEBTOR ON ANY UNPAID CIVIL JUDGMENT RELATING TO WORK AS A HOME IMPROVE-  
28 MENT CONTRACTOR; AND

29 (B) AT ANY TIME IN THE PAST BEEN ISSUED A REGISTRATION PURSUANT TO  
30 THIS ARTICLE, AND IF SO, WHETHER SUCH REGISTRATION WAS EVER REVOKED OR  
31 SUSPENDED.

32 3. EXCEPT AS OTHERWISE PROVIDED IN OR INCONSISTENT WITH THE PROVISIONS  
33 OF THIS ARTICLE, ALL OF THE PROVISIONS OF THE BUSINESS CORPORATION LAW  
34 PERTAINING TO THE STATUTORY DESIGNATION OF THE SECRETARY OF STATE AS  
35 AGENT FOR SERVICE OF PROCESS, THE DESIGNATION OF A REGISTERED AGENT FOR  
36 SERVICE OF PROCESS, THE MANNER OF EFFECTUATION OF SERVICE OF PROCESS,  
37 AND MATTERS INCIDENTAL OR RELATED THERETO SHALL APPLY TO THE REGISTRA-  
38 TION REQUIRED BY THIS ARTICLE WITH SUCH MODIFICATIONS AS MAY BE NECES-  
39 SARY TO ADAPT SUCH LANGUAGE TO THE REGISTRATION REQUIRED BY THIS ARTI-  
40 CLE. SUCH PROVISIONS SHALL APPLY WITH THE SAME FORCE AND EFFECT AS IF  
41 THOSE PROVISIONS HAD BEEN SET FORTH IN FULL IN THIS ARTICLE EXCEPT TO  
42 THE EXTENT THAT ANY PROVISION IS EITHER INCONSISTENT WITH A PROVISION OF  
43 THIS ARTICLE OR NOT RELEVANT TO THE REGISTRATION REQUIRED BY THIS ARTI-  
44 CLE, UNLESS A DIFFERENT MEANING IS CLEARLY REQUIRED.

45 4. THE BOARD MAY REFUSE TO ISSUE A REGISTRATION TO ANY PERSON WHOM IT  
46 FINDS HAS BEEN CONVICTED OF ANY CRIME DESCRIBED IN PARAGRAPH (A) OF  
47 SUBDIVISION TWO OF THIS SECTION, OR FAILED TO PAY ANY FINAL CIVIL JUDG-  
48 MENT, RELATING TO WORK AS A HOME IMPROVEMENT CONTRACTOR, IF SUCH REFUSAL  
49 WILL, IN ITS JUDGMENT, BEST PROMOTE THE INTERESTS OF THE PEOPLE OF THIS  
50 STATE.

51 S 770-C. TERMS. A REGISTRATION ISSUED OR RENEWED UNDER THE PROVISIONS  
52 OF THIS ARTICLE SHALL ENTITLE A PERSON TO ACT AS A REGISTERED HOME  
53 IMPROVEMENT CONTRACTOR IN THE STATE OF NEW YORK FOR A PERIOD OF TWO  
54 YEARS FROM THE EFFECTIVE DATE OF THE REGISTRATION.

55 S 770-D. REGISTRATION RENEWAL. 1. ANY REGISTRATION GRANTED UNDER THIS  
56 ARTICLE MAY BE RENEWED BY THE BOARD UPON APPLICATION AND PAYMENT OF THE

1 FEE FOR SUCH RENEWAL BY THE HOLDER THEREOF, IN SUCH FORM AS THE BOARD  
2 MAY PRESCRIBE.

3 2. THE BOARD SHALL HAVE THE AUTHORITY TO ASSIGN STAGGERED EXPIRATION  
4 DATES FOR REGISTRATIONS AT THE TIME OF RENEWAL. IF THE ASSIGNED DATE  
5 RESULTS IN A TERM THAT EXCEEDS TWENTY-FOUR MONTHS, THE APPLICANT SHALL  
6 PAY AN ADDITIONAL PRO-RATED ADJUSTMENT TOGETHER WITH THE REGULAR RENEWAL  
7 FEE.

8 3. THE BOARD MAY REFUSE TO RENEW, OR MAY REVOKE OR SUSPEND, THE REGIS-  
9 TRATION OF ANY HOME IMPROVEMENT CONTRACTOR IF SUCH REFUSAL, SUSPENSION  
10 OR REVOCATION IS REASONABLY NECESSARY TO PROTECT THE INTERESTS OF THE  
11 PEOPLE OF THIS STATE. THE BOARD MAY REINSTATE SUCH REGISTRATION WHERE  
12 SUCH GROUNDS FOR REFUSAL, SUSPENSION, OR REVOCATION NO LONGER EXIST.

13 S 770-E. FEES. 1. EACH ORIGINAL APPLICATION OR APPLICATION FOR RENEWAL  
14 FOR REGISTRATION AS A HOME IMPROVEMENT CONTRACTOR SHALL BE ACCOMPANIED  
15 BY A FEE OF ONE HUNDRED FIFTY DOLLARS FOR EACH BIENNIAL REGISTRATION  
16 PERIOD.

17 2. NOTICE IN WRITING IN THE MANNER AND FORM PRESCRIBED BY THE BOARD  
18 SHALL BE GIVEN TO THE BOARD AT ITS OFFICES IN ALBANY WITHIN TEN DAYS OF  
19 CHANGES OF NAME OR ADDRESS BY REGISTERED HOME IMPROVEMENT CONTRACTORS,  
20 EXCEPT THOSE MADE ON A RENEWAL APPLICATION. THE FEE FOR FILING EACH  
21 CHANGE OF NAME OR ADDRESS NOTICE SHALL BE TEN DOLLARS.

22 3. IN THE CASE OF LOSS, DESTRUCTION OR DAMAGE, THE BOARD MAY, UPON  
23 SUBMISSION OF A REQUEST IN SUCH FORM AND MANNER AS THE BOARD MAY  
24 PRESCRIBE, ISSUE A DUPLICATE REGISTRATION UPON PAYMENT OF A FEE OF TEN  
25 DOLLARS.

26 4. THE FEES PROVIDED FOR BY THIS SECTION SHALL NOT BE REFUNDABLE.

27 S 770-F. PRACTICES OF REGISTRANTS. 1. EACH HOME IMPROVEMENT CONTRACTOR  
28 ENGAGED IN MAKING HOME IMPROVEMENT CONTRACTS SHALL EXHIBIT HIS, HER, OR  
29 ITS CERTIFICATE UPON THE REQUEST OF ANY INTERESTED PARTY.

30 2. NO PERSON, FIRM OR CORPORATION SHALL:

31 (A) PRESENT OR ATTEMPT TO PRESENT, AS HIS, HER, OR ITS OWN, THE REGIS-  
32 TRATION OF ANOTHER;

33 (B) KNOWINGLY GIVE FALSE EVIDENCE OF A MATERIAL NATURE TO THE BOARD  
34 FOR THE PURPOSE OF PROCURING A REGISTRATION;

35 (C) FALSELY REPRESENT HIMSELF, HERSELF, OR ITSELF AS A REGISTERED HOME  
36 IMPROVEMENT CONTRACTOR;

37 (D) USE OR ATTEMPT TO USE A REGISTRATION WHICH HAS EXPIRED;

38 (E) OFFER TO MAKE OR MAKE ANY HOME IMPROVEMENT WITHOUT HAVING A  
39 CURRENT REGISTRATION AS IS REQUIRED UNDER THIS ARTICLE;

40 (F) REPRESENT IN ANY MANNER THAT HIS, HER, OR ITS REGISTRATION CONSTI-  
41 TUTES AN ENDORSEMENT OF THE QUALITY OF WORKMANSHIP OR COMPETENCY OF THE  
42 CONTRACTOR.

43 3. REGISTRATIONS ISSUED TO HOME IMPROVEMENT CONTRACTORS SHALL NOT BE  
44 TRANSFERABLE OR ASSIGNABLE.

45 S 770-G. SURETY BONDING REQUIREMENT. 1. AS A CONDITION TO OBTAINING A  
46 REGISTRATION PURSUANT TO THIS ARTICLE, EVERY HOME IMPROVEMENT CONTRACTOR  
47 APPLICANT WHO IS APPLYING FOR A REGISTRATION AND FOR WHOM THE TOTAL CASH  
48 PRICE OF ALL OF HIS, HER, OR ITS HOME IMPROVEMENT CONTRACTS WITH ALL  
49 HIS, HER, OR ITS CUSTOMERS IS LESS THAN FIVE HUNDRED THOUSAND DOLLARS  
50 DURING THE PERIOD OF TWELVE CONSECUTIVE MONTHS PRIOR TO APPLYING FOR A  
51 REGISTRATION SHALL OBTAIN AND CONTINUE IN EFFECT A SURETY BOND IN THE  
52 AMOUNT OF TEN THOUSAND DOLLARS EXECUTED BY A SURETY COMPANY AUTHORIZED  
53 TO TRANSACT BUSINESS IN THIS STATE.

54 2. AS A CONDITION OF OBTAINING A REGISTRATION PURSUANT TO THIS ARTI-  
55 CLE, EVERY HOME IMPROVEMENT CONTRACTOR APPLICANT WHO IS APPLYING FOR A  
56 REGISTRATION AND FOR WHOM THE TOTAL CASH PRICE OF ALL OF HIS, HER, OR

1 ITS HOME IMPROVEMENT CONTRACTS WITH ALL HIS, HER, OR ITS CUSTOMERS IS  
2 BETWEEN FIVE HUNDRED THOUSAND DOLLARS BUT LESS THAN ONE MILLION DOLLARS  
3 DURING THE PERIOD OF TWELVE CONSECUTIVE MONTHS PRIOR TO APPLYING FOR A  
4 REGISTRATION SHALL OBTAIN AND CONTINUE IN EFFECT A SURETY BOND IN AN  
5 AMOUNT OF TWENTY-FIVE THOUSAND DOLLARS EXECUTED BY A SURETY COMPANY  
6 AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE.

7 3. AS A CONDITION OF OBTAINING A REGISTRATION PURSUANT TO THIS ARTI-  
8 CLE, EVERY HOME IMPROVEMENT CONTRACTOR APPLICANT WHO IS APPLYING FOR A  
9 REGISTRATION AND FOR WHOM THE TOTAL CASH PRICE OF ALL OF HIS, HER, OR  
10 ITS HOME IMPROVEMENT CONTRACTS WITH ALL HIS, HER, OR ITS CUSTOMERS IS  
11 ONE MILLION DOLLARS OR GREATER DURING THE PERIOD OF TWELVE CONSECUTIVE  
12 MONTHS PRIOR TO APPLYING FOR A REGISTRATION SHALL OBTAIN AND CONTINUE IN  
13 EFFECT A SURETY BOND IN AN AMOUNT OF FIFTY THOUSAND DOLLARS EXECUTED BY  
14 A SURETY COMPANY AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE.

15 4. THE BOND SHALL BE CONDITIONED ON THE HOME IMPROVEMENT CONTRACTOR'S  
16 PAYMENT OF ANY FINAL JUDGMENT ENTERED AGAINST SUCH HOME IMPROVEMENT  
17 CONTRACTOR FOR LOSSES OR DAMAGES SUSTAINED BY THE OWNER AS A RESULT OF  
18 THE BREACH OF THE HOME IMPROVEMENT CONTRACT WITHIN THIS STATE, AND ANY  
19 CIVIL PENALTIES ASSESSED AGAINST A HOME IMPROVEMENT CONTRACTOR FOR  
20 VIOLATIONS OF THIS ARTICLE.

21 5. RECOVERY AGAINST ANY BOND SHALL BE MADE BY THE BOARD ON BEHALF OF  
22 AN OWNER OR OWNERS WHO OBTAIN A JUDGMENT AGAINST THE HOME IMPROVEMENT  
23 CONTRACTOR FOR AN ACT OR OMISSION ON WHICH THE BOND IS CONDITIONED, IF  
24 THE ACT OR OMISSION OCCURRED DURING THE TERM OF THE BOND. THE TOTAL  
25 LIABILITY IMPOSED ON THE SURETY BOND UNDER THIS SECTION FOR ALL BREACHES  
26 OF THE BOND CONDITION IS LIMITED TO THE FACE AMOUNT OF THE BOND. SUCH  
27 LIABILITY IS LIMITED TO THE AMOUNT OF THE JUDGMENT. IN NO EVENT SHALL  
28 THE SURETY ON A BOND BE LIABLE FOR TOTAL CLAIMS IN EXCESS OF THE BOND  
29 AMOUNT, REGARDLESS OF THE NUMBER OR NATURE OF CLAIMS MADE AGAINST THE  
30 BOND OR THE NUMBER OF YEARS THE BOND REMAINED IN FORCE.

31 6. ANY SURETY ISSUING A BOND PURSUANT TO THIS SECTION SHALL BE  
32 REQUIRED TO PROVIDE THIRTY DAYS' NOTICE TO THE BOARD PRIOR TO THE EFFEC-  
33 TIVE DATE OF CANCELLATION OF THE BOND.

34 7. THE FAILURE OF A HOME IMPROVEMENT CONTRACTOR TO MAINTAIN SUCH A  
35 BOND AND SATISFY ALL CLAIMS AGAINST THE BOND, SHALL RESULT IN THE IMME-  
36 DIATE REVOCATION OF THE REGISTRATION OF SUCH HOME IMPROVEMENT CONTRAC-  
37 TOR.

38 S 770-H. HOME IMPROVEMENT TRUST FUND. 1. THE HOME IMPROVEMENT TRUST  
39 FUND ESTABLISHED PURSUANT TO SECTION NINETY-NINE-Q OF THE STATE FINANCE  
40 LAW SHALL PROVIDE FOR THE PAYMENT OF OUTSTANDING AWARDS TO AGGRIEVED  
41 CONSUMERS AND FINES OWED TO THE BOARD.

42 (A) HOME IMPROVEMENT CONTRACTORS MAY ELECT TO PARTICIPATE IN THE FUND  
43 IN LIEU OF FURNISHING A BOND AS REQUIRED BY SECTION SEVEN HUNDRED SEVEN-  
44 TY-G OF THIS ARTICLE.

45 (B) ANY HOME IMPROVEMENT CONTRACTOR APPLICANT WHO ELECTS TO PARTIC-  
46 IPATE IN THE FUND MUST SUBMIT TO THE BOARD A CHECK IN THE AMOUNT OF TWO  
47 HUNDRED DOLLARS, MADE PAYABLE TO THE BOARD, BEFORE A REGISTRATION SHALL  
48 BE ISSUED. ANY BONDED REGISTRANT MAY ELECT TO PARTICIPATE IN THE FUND IN  
49 LIEU OF CONTINUED COMPLIANCE WITH THE BOND REQUIREMENT BY CAUSING THE  
50 BOARD TO RECEIVE A CHECK IN THE AMOUNT OF TWO HUNDRED DOLLARS, MADE  
51 PAYABLE TO THE BOARD, PRIOR TO THE EXPIRATION OR CANCELLATION DATE OF  
52 THE REGISTRANT'S BOND. ALL FUND PARTICIPANTS WHO ELECT TO CONTINUE TO  
53 PARTICIPATE IN THE FUND SHALL CONTRIBUTE TWO HUNDRED DOLLARS UPON EACH  
54 RENEWAL OF THEIR REGISTRATION. ANY FUND PARTICIPANT WHO ELECTS NOT TO  
55 CONTINUE TO PARTICIPATE IN THE FUND AT THE TIME OF RENEWAL SHALL FURNISH

1 A BOND IN ACCORDANCE WITH SECTION SEVEN HUNDRED SEVENTY-G OF THIS ARTI-  
2 CLE BEFORE THE RENEWAL REGISTRATION SHALL BE ISSUED.

3 (C) FUND PARTICIPANTS MAY DISCONTINUE THEIR PARTICIPATION IN THE FUND  
4 AT ANY TIME BY FILING A BOND PURSUANT TO SECTION SEVEN HUNDRED SEVENTY-G  
5 OF THIS ARTICLE.

6 (D) PARTICIPATION IN THE FUND SHALL NOT RELIEVE A REGISTRANT OF ANY  
7 OBLIGATION TO PAY AWARDS OR FINES IMPOSED BY THE BOARD OR JUDGMENTS OR  
8 ARBITRATION AWARDS RENDERED AGAINST A REGISTRANT BY A COURT OF COMPETENT  
9 JURISDICTION. IN THE EVENT THAT A CONTRACTOR'S REGISTRATION IS REVOKED,  
10 SURRENDERED OR THE CONTRACTOR FAILS TO RENEW HIS, HER OR ITS REGISTRA-  
11 TION, AND THE FUND IS INVADED TO PAY AN AWARD, FINE OR JUDGMENT THAT WAS  
12 RENDERED AGAINST SUCH CONTRACTOR PURSUANT TO THE PROVISIONS HEREIN, NO  
13 REGISTRATION SHALL BE ISSUED OR REINSTATED TO SUCH CONTRACTOR OR TO ANY  
14 HOME IMPROVEMENT BUSINESS IN WHICH SUCH CONTRACTOR IS AN OFFICER, SHARE-  
15 HOLDER, PARTNER OR PRINCIPAL, UNLESS THE AMOUNT OR AMOUNTS PAID OUT OF  
16 THE FUND ON BEHALF OF SUCH CONTRACTOR IS REIMBURSED BY SUCH CONTRACTOR  
17 IN FULL.

18 (E) IN THE EVENT THAT A HOME IMPROVEMENT CONTRACTOR'S REGISTRATION IS  
19 REVOKED, SURRENDERED OR THE CONTRACTOR FAILS TO RENEW HIS, HER OR ITS  
20 REGISTRATION AND THE FUND IS INVADED TO PAY AN AWARD, FINE OR JUDGMENT  
21 THAT WAS RENDERED AGAINST SUCH CONTRACTOR, PURSUANT TO THE PROVISIONS  
22 HEREIN, THE DIRECTOR OR HIS OR HER DESIGNEE SHALL HAVE DISCRETION TO  
23 EXCLUDE SUCH CONTRACTOR, OR ANY HOME IMPROVEMENT BUSINESS IN WHICH SUCH  
24 CONTRACTOR IS A PRINCIPAL, FROM FUTURE PARTICIPATION IN THE FUND. THE  
25 DIRECTOR OR HIS OR HER DESIGNEE MAY, IN HIS OR HER DISCRETION, REQUIRE  
26 SUCH HOME IMPROVEMENT CONTRACTOR TO OBTAIN A BOND PURSUANT TO SECTION  
27 SEVEN HUNDRED SEVENTY-G OF THIS ARTICLE.

28 2. (A) THE DIRECTOR MAY REQUIRE THAT DISBURSEMENTS BE MADE FROM THE  
29 FUND TO PAY OUTSTANDING AWARDS TO CONSUMERS AND FINES OWED TO THE BOARD  
30 WHEN:

31 (I) THE BOARD HAS CONDUCTED AN ADMINISTRATIVE HEARING THAT RESULTS IN  
32 A FINDING THAT A HOME IMPROVEMENT CONTRACTOR IS IN VIOLATION OF A LAW OR  
33 REGULATION ENFORCED BY THE BOARD AND THE BOARD OR A COURT OF COMPETENT  
34 JURISDICTION HAS RENDERED A DECISION, JUDGMENT OR AN ARBITRATION AWARD  
35 AGAINST THE CONTRACTOR FOR DAMAGES SUFFERED BY A CONSUMER ARISING OUT OF  
36 A HOME IMPROVEMENT CONTRACT;

37 (II) THE CONTRACTOR IS ORDERED BY THE BOARD TO PAY AN AWARD TO A  
38 CONSUMER, A FINE OR TO SATISFY A JUDGMENT OR ARBITRATION AWARD;

39 (III) THE CONTRACTOR HAS FAILED TO PAY SUCH AWARD TO A CONSUMER, A  
40 FINE OR SATISFY A JUDGMENT OR ARBITRATION AWARD, WITHIN THIRTY DAYS OF  
41 THE DATE OF THE BOARD'S ORDER; AND

42 (IV) THE BOARD HAS REVOKED THE CONTRACTOR'S REGISTRATION OR THE  
43 CONTRACTOR HAS SURRENDERED OR FAILED TO RENEW SUCH REGISTRATION AFTER  
44 THE BOARD'S ORDER.

45 NOTWITHSTANDING THIS PARAGRAPH, IF A CONTRACTOR HAS FILED A PETITION  
46 FOR RELIEF UNDER ANY CHAPTER OF TITLE 11 OF THE UNITED STATES CODE, THE  
47 BOARD MAY WAIVE THE REQUIREMENTS SET FORTH IN SUBPARAGRAPHS (II), (III)  
48 AND (IV) OF THIS PARAGRAPH AND REQUIRE DISBURSEMENTS TO BE MADE FROM THE  
49 FUND.

50 (B) DISBURSEMENTS SHALL NOT BE MADE FROM THE FUND TO PAY AN AWARD,  
51 FINE OR JUDGMENT THAT IS RENDERED AGAINST:

52 (I) A REGISTRANT WHO HAS FURNISHED A BOND, PURSUANT TO SECTION SEVEN  
53 HUNDRED SEVENTY-G OF THIS ARTICLE; OR

54 (II) A HOME IMPROVEMENT CONTRACTOR WHO WAS NEVER REGISTERED BY THE  
55 BOARD OR A PARTICIPANT IN THE FUND.

(C) DISBURSEMENTS FROM THE FUND WILL BE MADE AT THE DISCRETION OF THE DIRECTOR OR HIS OR HER DESIGNEE, PROVIDED, HOWEVER, THAT INVASION OF THE FUND SHALL BE LIMITED TO NO MORE THAN TWENTY THOUSAND DOLLARS FOR ALL AWARDS, FINES AND JUDGEMENTS ARISING OUT OF A SINGLE HOME IMPROVEMENT CONTRACT AND ONE HUNDRED THOUSAND DOLLARS FOR ALL AWARDS, CIVIL PENALTIES, AND JUDGEMENTS ATTRIBUTABLE TO ONE HOME IMPROVEMENT CONTRACTOR.

(D) THE DIRECTOR OR HIS OR HER DESIGNEE MAY ORDER THAT PARTIAL PAYMENT OF AWARDS, FINES OR JUDGMENTS BE MADE FROM THE FUND.

(E) NOTHING CONTAINED IN THIS SECTION SHALL BE CONSTRUED TO LIMIT THE RIGHTS AND REMEDIES OF ANY PARTY, INCLUDING THE BOARD, TO PURSUE A CAUSE OF ACTION AGAINST A HOME IMPROVEMENT CONTRACTOR WHO IS A PARTICIPANT IN THE FUND.

(F) NOTHING CONTAINED IN THIS SECTION SHALL BE CONSTRUED TO CREATE A RIGHT OF ANY PERSON TO A PORTION OF ANY OF THE FUND, EXCEPT IN THE CASE OF AN AWARD DULY MADE BY THE DIRECTOR PURSUANT TO THE PROVISIONS OF THIS SECTION.

(G) NOTHING CONTAINED IN THIS SECTION SHALL BE CONSTRUED TO PROVIDE FOR THE PAYMENT OF AWARDS OR JUDGMENTS RENDERED AGAINST FUND PARTICIPANTS IN PERSONAL INJURY ACTIONS.

3. THE DIRECTOR SHALL, BY JANUARY THIRTY-FIRST OF EACH YEAR, CAUSE AN ACCOUNTING TO BE MADE OF ALL OF THE FUND'S ACTIVITIES DURING THE PRECEDING CALENDAR YEAR.

S 770-I. POWERS OF THE BOARD. 1. THE BOARD SHALL PROMULGATE SUCH RULES AND REGULATIONS AS ARE DEEMED NECESSARY TO EFFECTUATE THE PURPOSES OF THIS ARTICLE, AND SHALL PROVIDE WRITTEN NOTIFICATION OF THE PROVISIONS OF THIS ARTICLE TO ALL HOME IMPROVEMENT CONTRACTORS REGISTERED PURSUANT TO THIS ARTICLE.

2. THE BOARD SHALL HAVE THE POWER TO ENFORCE THE PROVISIONS OF THIS ARTICLE AND UPON COMPLAINT OF ANY PERSON, OR UPON THE DIRECTOR'S INITIATIVE, TO INVESTIGATE ANY VIOLATION THEREOF OR TO INVESTIGATE THE BUSINESS, BUSINESS PRACTICES AND BUSINESS METHODS OF ANY PERSON, FIRM, LIMITED LIABILITY COMPANY, PARTNERSHIP OR CORPORATION APPLYING FOR OR HOLDING A REGISTRATION AS A DOCUMENT DESTRUCTION CONTRACTOR, IF IN THE OPINION OF THE DIRECTOR SUCH INVESTIGATION IS WARRANTED. EACH SUCH APPLICANT OR REGISTRANT SHALL BE OBLIGED, ON REQUEST OF THE DIRECTOR, TO SUPPLY SUCH INFORMATION, BOOKS, PAPERS OR RECORDS AS MAY BE REQUIRED CONCERNING HIS, HER OR ITS BUSINESS, BUSINESS PRACTICES OR BUSINESS METHODS, OR PROPOSED BUSINESS PRACTICES OR METHODS. FAILURE TO COMPLY WITH A LAWFUL REQUEST OF THE DIRECTOR SHALL BE A GROUND FOR DENYING AN APPLICATION FOR A REGISTRATION, OR FOR REVOKING, SUSPENDING, OR FAILING TO RENEW A REGISTRATION ISSUED UNDER THIS ARTICLE.

3. THE BOARD SHALL HAVE THE POWER TO REVOKE OR SUSPEND ANY REGISTRATION, OR IN LIEU THEREOF TO IMPOSE A FINE NOT EXCEEDING ONE THOUSAND DOLLARS PAYABLE TO THE BOARD, OR REPRIMAND ANY REGISTRANT OR DENY AN APPLICATION FOR A REGISTRATION OR RENEWAL THEREOF UPON PROOF THAT THE APPLICANT OR REGISTRANT HAS:

(A) VIOLATED ANY OF THE PROVISIONS OF THIS ARTICLE OR THE RULES AND REGULATIONS PROMULGATED PURSUANT TO THIS ARTICLE;

(B) PRACTICED FRAUD, DECEIT OR MISREPRESENTATION;

(C) MADE A MATERIAL MISSTATEMENT IN THE APPLICATION FOR OR RENEWAL OF HIS OR HER REGISTRATION;

(D) DEMONSTRATED INCOMPETENCE OR UNTRUSTWORTHINESS IN HIS OR HER ACTIONS.

4. THE BOARD SHALL, BEFORE DENYING AN APPLICATION FOR A REGISTRATION OR BEFORE REVOKING OR SUSPENDING ANY REGISTRATION, OR IMPOSING ANY FINE OR REPRIMAND, AND AT LEAST FIFTEEN DAYS PRIOR TO THE DATE SET FOR THE

1 HEARING, AND UPON DUE NOTICE TO THE COMPLAINANT OR OBJECTOR, NOTIFY IN  
2 WRITING THE APPLICANT FOR, OR THE HOLDER OF SUCH REGISTRATION OF ANY  
3 CHARGE MADE AND SHALL AFFORD SUCH APPLICANT OR REGISTRANT AN OPPORTUNITY  
4 TO BE HEARD IN PERSON OR BY COUNSEL IN REFERENCE THERETO. SUCH WRITTEN  
5 NOTICE MAY BE SERVED BY DELIVERY OF SAME PERSONALLY TO THE APPLICANT OR  
6 REGISTRANT, OR BY MAILING SAME BY REGISTERED MAIL TO THE LAST KNOWN  
7 BUSINESS ADDRESS OF SUCH APPLICANT OR REGISTRANT.

8 5. THE HEARING ON SUCH CHARGES SHALL BE AT SUCH TIME AND PLACE AS THE  
9 BOARD SHALL PRESCRIBE AND SHALL BE CONDUCTED BY SUCH OFFICER OR PERSON  
10 IN THE BOARD AS THE SECRETARY OF STATE MAY DESIGNATE, WHO SHALL HAVE THE  
11 POWER TO SUBPOENA AND BRING BEFORE THE OFFICER OR PERSON SO DESIGNATED  
12 ANY PERSON IN THIS STATE, AND ADMINISTER AN OATH TO AND TAKE TESTIMONY  
13 OF ANY PERSON OR CAUSE HIS OR HER DEPOSITION TO BE TAKEN. A SUBPOENA  
14 ISSUED UNDER THIS SECTION SHALL BE REGULATED BY THE CIVIL PRACTICE LAW  
15 AND RULES. SUCH OFFICER OR PERSON IN THE BOARD DESIGNATED TO TAKE SUCH  
16 TESTIMONY SHALL NOT BE BOUND BY COMMON LAW OR STATUTORY RULES OF  
17 EVIDENCE OR BY TECHNICAL OR FORMAL RULES OF PROCEDURE.

18 6. IN THE EVENT THAT THE BOARD SHALL DENY THE APPLICATION FOR, OR  
19 REVOKE OR SUSPEND ANY SUCH REGISTRATION, OR IMPOSE ANY FINE OR REPRI-  
20 MAND, ITS DETERMINATION SHALL BE IN WRITING AND OFFICIALLY SIGNED. THE  
21 ORIGINAL OF SUCH DETERMINATIONS, WHEN SO SIGNED, SHALL BE FILED IN THE  
22 OFFICE OF THE BOARD AND COPIES THEREOF SHALL BE MAILED TO THE APPLICANT  
23 OR REGISTRANT AND TO THE COMPLAINANT WITHIN TWO DAYS AFTER SUCH FILING.

24 7. THE BOARD, ACTING BY THE OFFICE OR PERSON DESIGNATED TO CONDUCT THE  
25 HEARING PURSUANT TO SUBDIVISION FIVE OF THIS SECTION OR BY SUCH OTHER  
26 OFFICER OR PERSON IN THE BOARD AS THE DIRECTOR MAY DESIGNATE, SHALL HAVE  
27 THE POWER TO SUSPEND THE REGISTRATION OF ANY REGISTRANT WHO HAS BEEN  
28 CONVICTED IN THIS STATE OR ANY OTHER STATE OR TERRITORY OF A FELONY OR  
29 OF ANY MISDEMEANOR FOR A PERIOD NOT EXCEEDING THIRTY DAYS PENDING A  
30 HEARING AND A DETERMINATION OF CHARGES MADE AGAINST HIM OR HER. IF SUCH  
31 HEARING IS ADJOURNED AT THE REQUEST OF THE REGISTRANT, OR BY REASON OF  
32 ANY ACT OR OMISSION BY HIM OR HER OR ON HIS OR HER BEHALF, SUCH SUSPEN-  
33 SION MAY BE CONTINUED FOR THE ADDITIONAL PERIOD OF SUCH ADJOURNMENT.

34 8. THE ACTION OF THE BOARD IN GRANTING OR REFUSING TO GRANT OR TO  
35 RENEW A REGISTRATION UNDER THIS ARTICLE OR IN REVOKING OR SUSPENDING OR  
36 REFUSING TO REVOKE OR SUSPEND SUCH A REGISTRATION OR IMPOSING ANY FINE  
37 OR REPRIMAND SHALL BE SUBJECT TO REVIEW BY A PROCEEDING INSTITUTED UNDER  
38 ARTICLE SEVENTY-EIGHT OF THE CIVIL PRACTICE LAW AND RULES AT THE  
39 INSTANCE OF THE APPLICANT FOR SUCH REGISTRATION, THE HOLDER OF A REGIS-  
40 TRATION SO REVOKED, SUSPENDED, FINED OR REPRIMANDED OR THE PERSON  
41 AGGRIEVED.

42 S 770-J. REGISTRY. THE BOARD SHALL MAINTAIN AND PUBLISH A REGISTRY OF  
43 ALL REGISTERED HOME IMPROVEMENT CONTRACTORS, WHICH SHALL LIST AND IDEN-  
44 TIFY, ON A COUNTY BY COUNTY BASIS, ALL REGISTERED HOME IMPROVEMENT  
45 CONTRACTORS DOING BUSINESS IN THIS STATE. SUCH REGISTRY SHALL BE MADE  
46 AVAILABLE ON THE BOARD'S INTERNET WEB SITE AND UPDATED AS FREQUENTLY AS  
47 PRACTICABLE. THE BOARD SHALL ALSO MAINTAIN A TOLL-FREE STATEWIDE TELE-  
48 PHONE NUMBER WHICH SHALL ALLOW THE PUBLIC TO ACCESS THE INFORMATION  
49 CONTAINED ON SUCH REGISTRY. ANY INFORMATION REGARDING COMPLAINTS AND  
50 CLAIMS FILED AGAINST A HOME IMPROVEMENT CONTRACTOR, INCLUDING THE RESOL-  
51 UTION OF SUCH COMPLAINTS AND CLAIMS, SHALL BE MADE AVAILABLE TO THE  
52 PUBLIC UPON REQUEST.

53 S 770-K. PENALTIES. 1. ANY PERSON WHO OPERATES AS A HOME IMPROVEMENT  
54 CONTRACTOR WITHOUT BEING REGISTERED SHALL BE REQUIRED TO PAY A CIVIL  
55 PENALTY IN THE SUM OF TWO THOUSAND DOLLARS PER HOME IMPROVEMENT CONTRACT  
56 ENTERED INTO IN VIOLATION OF THE REGISTRATION REQUIREMENT. HOWEVER, ANY

1 SUCH PERSON AGAINST WHOM SUCH PENALTY HAS BEEN ASSESSED MAY AVOID ALL  
2 BUT ONE THOUSAND DOLLARS OF SUCH PENALTY BY OBTAINING A REGISTRATION AS  
3 REQUIRED BY THIS ARTICLE; PROVIDED THAT APPLICATION FOR SUCH REGISTRA-  
4 TION IS MADE NOT MORE THAN TEN DAYS AFTER THE IMPOSITION OF SUCH PENAL-  
5 TY. ALL CIVIL PENALTIES COLLECTED PURSUANT TO THIS SECTION SHALL BE  
6 DEPOSITED TO THE CREDIT OF THE HOME IMPROVEMENT TRUST FUND ESTABLISHED  
7 PURSUANT TO SECTION NINETY-NINE-Q OF THE STATE FINANCE LAW.

8 2. A HOME IMPROVEMENT CONTRACTOR MAY NOT MAINTAIN A CIVIL ACTION TO  
9 RECOVER PAYMENT FOR WORK UNDER A HOME IMPROVEMENT CONTRACT PERFORMED IF  
10 SUCH CONTRACTOR IS NOT REGISTERED AS REQUIRED UNDER THIS ARTICLE.

11 S 3. Paragraph (a) of subdivision 1 of section 771 of the general  
12 business law, as added by chapter 421 of the laws of 1987, is amended to  
13 read as follows:

14 (a) The name, address, telephone number, STATE REGISTRATION NUMBER,  
15 and license number, if applicable, of the contractor AND THE TOLL-FREE  
16 TELEPHONE NUMBER AND INTERNET WEB SITE ADDRESS MAINTAINED BY THE BOARD  
17 PURSUANT TO SECTION SEVEN HUNDRED SEVENTY-J OF THIS ARTICLE.

18 S 4. Section 773 of the general business law, as amended by chapter  
19 587 of the laws of 1990, is amended to read as follows:

20 S 773. Violations. 1. Technical violations. Every home improvement  
21 contractor who violates any of the provisions of this article shall be  
22 subject to a civil penalty not to exceed [one] TWO hundred FIFTY dollars  
23 FOR EACH VIOLATION.

24 2. Substantial violations. Every home improvement contractor who fails  
25 to deposit funds in an escrow account or provide a bond or contract of  
26 indemnity or irrevocable letter of credit in compliance with the  
27 requirements of section seventy-one-a of the lien law, or who fails to  
28 provide a written contract substantially in compliance with the require-  
29 ments of this article, shall be subject to a civil penalty not to exceed  
30 [the greater of two hundred fifty] FIFTEEN HUNDRED dollars for each  
31 violation or five percent of the aggregate contract price specified in  
32 the home improvement contract; provided, however, that in no event shall  
33 the total penalty exceed twenty-five hundred dollars for each contract.

34 3. Mitigating factors; defenses. In an instance where the contractor  
35 has been shown to have committed multiple violations of this article or  
36 the provisions of section seventy-one-a of the lien law, the court shall  
37 consider the following factors in assessing a civil penalty pursuant to  
38 subdivision two of this section: the volume of business which the home  
39 improvement contractor performs on an annual basis, the number of  
40 contracts in violation, the actual financial loss or exposure to finan-  
41 cial loss suffered by any owner as a result of the violations, and  
42 whether the home improvement contractor acted in good faith or willfully  
43 with respect to such violations. No home improvement contractor shall be  
44 subject to the increased penalties provided by subdivision two of this  
45 section if such contractor shows by a preponderance of the evidence that  
46 the violation was not intentional and resulted from a bona fide error  
47 made notwithstanding the maintenance of procedures reasonably adopted to  
48 avoid such a violation.

49 4. ALL CIVIL PENALTIES COLLECTED PURSUANT TO THIS SECTION SHALL BE  
50 DEPOSITED TO THE CREDIT OF THE HOME IMPROVEMENT TRUST FUND ESTABLISHED  
51 PURSUANT TO SECTION NINETY-NINE-Q OF THE STATE FINANCE LAW.

52 S 5. Section 775 of the general business law, as added by chapter 421  
53 of the laws of 1987, is amended to read as follows:

54 S 775. Applicability. 1. This article shall not exempt any contractor  
55 subject to its provisions from complying with any local law with respect  
56 to the regulation of home improvement contractors, provided, however,



1 that after the effective date of this article, no political subdivision  
2 may enact a local law inconsistent with the provisions of section seven  
3 hundred seventy-one of this article.

4 2. SECTIONS SEVEN HUNDRED SEVENTY-A, SEVEN HUNDRED SEVENTY-B, SEVEN  
5 HUNDRED SEVENTY-C, SEVEN HUNDRED SEVENTY-D, SEVEN HUNDRED SEVENTY-E,  
6 SEVEN HUNDRED SEVENTY-F, SEVEN HUNDRED SEVENTY-G, SEVEN HUNDRED SEVEN-  
7 TY-H, SEVEN HUNDRED SEVENTY-I, SEVEN HUNDRED SEVENTY-J AND SEVEN HUNDRED  
8 SEVENTY-K OF THIS ARTICLE SHALL NOT APPLY TO HOME IMPROVEMENT CONTRAC-  
9 TORS OPERATING WITHIN ANY CITY WITH A POPULATION OF ONE MILLION OR MORE.

10 3. ANY LOCAL LAW REGULATING HOME IMPROVEMENT CONTRACTORS THAT IS AT  
11 LEAST AS STRICT AS THE PROVISIONS OF THIS ARTICLE SHALL NOT BE DEEMED TO  
12 BE PREEMPTED BY THE PROVISIONS OF THIS ARTICLE.

13 S 6. The state finance law is amended by adding a new section 99-q to  
14 read as follows:

15 S 99-Q. HOME IMPROVEMENT TRUST FUND. 1. THERE IS HEREBY ESTABLISHED IN  
16 THE JOINT CUSTODY OF THE STATE COMPTROLLER AND THE COMMISSIONER OF THE  
17 DEPARTMENT OF TAXATION AND FINANCE A SPECIAL REVENUE FUND TO BE KNOWN AS  
18 THE "HOME IMPROVEMENT TRUST FUND". SUCH FUND SHALL CONSIST OF ALL MONIES  
19 COLLECTED PURSUANT TO PARAGRAPH (B) OF SUBDIVISION ONE OF SECTION SEVEN  
20 HUNDRED SEVENTY-H, SECTION SEVEN HUNDRED SEVENTY-K, AND SECTION SEVEN  
21 HUNDRED SEVENTY-THREE OF THE GENERAL BUSINESS LAW.

22 2. MONIES OF THE FUND SHALL BE AVAILABLE FOR THE PAYMENT OF OUTSTAND-  
23 ING AWARDS TO AGGRIEVED CONSUMERS PURSUANT TO SECTION SEVEN HUNDRED  
24 SEVENTY-H OF THE GENERAL BUSINESS LAW.

25 3. THE STATE CONSUMER PROTECTION BOARD SHALL ADOPT SUCH RULES AND  
26 REGULATIONS AS MAY BE NECESSARY FOR THE ADMINISTRATION OF THE FUND.

27 S 7. This act shall take effect on the one hundred twentieth day after  
28 it shall have become a law; provided that the state consumer protection  
29 board and the department of state are authorized to promulgate any and  
30 all rules and regulations and take any other measures necessary to  
31 implement this act on its effective date on or before such date.