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Should Home Builders and Remodelers Be Licensed?

Georgia doesn't license builders. It's one of 21 states that require nothing of contractors beyond the fee for a building permit. The Georgia House of Representatives is considering a bill that would require licensing for residential contractors and create an oversight board to test applicants and possibly set minimum levels of experience.

For years the Home Builders Association of Georgia lobbied against any type of state regulation because it feared buyers would be lulled into believing the government license amounted to a guarantee. "Licensing does not change the spots on the cat," said Ed Phillips, executive vice president of the association. "If a builder is a crook, other states have found that builders who are crooks have found ways around the licensing." For example, unlicensed contractors sometimes pay others for use of a license number, he said. However, the trade group of 5,000 builders has changed its position, largely because of an influx of home buyers from other states where builders are licensed.

The migration has also prompted many local governments, including Columbia and DeKalb counties, to draft local licensing rules. Columbus and Valdosta already have licensing programs. The bill before the General Assembly would preempt local licensing requirements not in place before the governor signs the new bill into law. Mr. Phillips said builders like that provision because it would prevent their having to take a different test for every county and city where they do business. Also, builders who already have a license from a local government would automatically receive a state license.

Rep. Lynn Westmoreland, a builder from Sharpsburg, has been pushing contractor licensing for years and is a co-sponsor of the current legislation, House Bill 109. He compares a home-building license to those issued to doctors and lawyers. Mr. Westmoreland is the Republican leader in the House. He gives bipartisan support to the bill sponsored by Rep. Alan Powell, D-Hartwell, chairman of the House Governmental Affairs Committee, where it is pending.

Mr. Westmoreland wants to see some changes in the bill. For example, he favors lowering the threshold from $30,000 to $5,000 for projects requiring a licensed builder. He wants it high enough to exempt small-time handymen but low enough to include major remodeling jobs. "There are people building out there now who only had to have enough money to buy a building permit," Mr. Westmoreland said. "I don't know that licensing is going to solve some of these horror stories, whether you do it or don't do it. People are just going to do stupid things. At least it's going to be able to keep up with people." That's because for the first time the bill would centralize all complaints about builders and track them by license number. Changing company names wouldn't shake a trail of complaints, as it does now, supporters say. Existing State Law prevents the public from seeing those complaints, but Rep. Ben Harbin, R-Martinez, is pushing to open the process to consumers.

Now, disgruntled consumers file complaints with several agencies, local Better Business Bureaus, trade associations, and the Governor's Office of Consumer Affairs. Members of the governor's staff say construction complaints are second only to those for car problems. More than 1,100 house-construction disputes were filed with the state office between 2001 and 2002.

"The housing purchase is so big and so significant that people would really do well to get the house inspected and secondly to get some kind of warranty," said Bill Cloud, spokesman for the agency. In the absence of licenses, Mr. Cloud and his colleagues can only advise home buyers to ask around about a builder's reputation and rely on private inspectors.

No hearings are scheduled on the bill, and supporters predict it won't come up for a vote before the session ends next month.

Source: From the Sunday, March 30, 2003 printed edition of the Augusta Chronicle

Editor's Note: If you feel strongly one way or the other, please contact the Governor's Office of Consumer Affairs at 404-651-8600.

Predatory Lending Law?

ATLANTA - In signing his first major bill Friday, March 7th, Gov. Sonny Perdue hoped to satisfy demands from credit agencies and keep lenders from fleeing the state's mortgage industry.

"This bill keeps Georgians safe from predatory lenders while allowing Georgia to grow again," said Mr. Perdue, who took office in January as the first Republican governor in more than a century.

The bill, approved on the 6th by the Georgia Senate, limits liability for loan abuses to the original issuer and curtails rules against refinancing high-cost loans, a practice known as "flipping."

Consumer advocates said the changes weaken protections for low-income home buyers, but Mr. Perdue said the law "sends a strong message to people who cheat Georgians." It goes into effect immediately.

The old predatory-lending law, which went into effect Oct.

1, came under fire when three major credit-rating agencies announced they would no longer rate securities containing Georgia home loans. Since then, more than 25 lenders have pulled out of the state.

Georgia had the strongest predatory-lending law in the country because it let borrowers seek punitive damages from lenders and anyone down the financial chain who bought the loan or a security that covered the loan.

"Now, the momentum for consumer protections all across the country could come to an end because Gov. Perdue intervened on behalf of high-dollar special interests and strong-armed the legislature," Democratic Lt. Gov. Mark Taylor said.

The writer of the original predatory lending bill, Sen. Vincent Fort, D-Atlanta, said the revised legislation is "as bad as not having a bill at all.

"It strips almost all lender liability and without that there is no way to have an effective predatory-lending law," Mr. Fort said.

"It appears the sharks were in full feeding frenzy, and Gov. Perdue is their biggest supporter. He's giving aid and comfort to the loan sharks and it's too bad that his office became a part of the deceitful campaign."

On Friday, March 7th, Mr. Fort sent a letter to Inspector General James Sehorn asking him to look into Thursday's vote.

Source: From the Sunday, March 8, 2003 printed edition of the Augusta Chronicle

If you have a question, change of address, comment, home tip or would like to send *Home Tips* to your clients, send your letter to *Home Tips*, Christian Building Inspectors, Inc., 3697 Habersham Lane, Duluth, Georgia, 30096-6111. You can also E-Mail your questions to us at rodharrison@christianbuildinginspectors.com/. We reserve the right to edit questions for length.

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Quote Of The Month

"A LOYAL FRIEND LAUGHS AT YOUR JOKES WHEN THEY'RE NOT SO GOOD, AND SYMPATHIZES WITH YOUR PROBLEMS WHEN THEY'RE NOT SO BAD."

ARNOLD H. GLASOW

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