

It makes me even more proud of my fights and votes over OEO, gentlemen, Miss Halloran.

One of you perhaps might relate our proposed legislation to the problems which you have heard set forth before us this afternoon.

Miss HALLORAN. All right. Mr. Chairman, I would like to go briefly through the three statements you have heard, and relate them to both Senator Morse's bill, S. 316, and your own package of bills, to see how either or both bills would have affected the problems.

Mr. Vaughn's problem, of course, originated with the home improvement contract. The home improvement contract is within the scope of both S. 316 and S. 2589. They are both potential sources of regulation for home improvement contracts, although home improvement contractors are licensed in the District, and there is some basic regulation over them. The licensing requirements also include requirements for the form and substance of the contracts. That is one reason why I think some of the basic disclosure requirements of S. 2589 exempt home improvement contracts, because it is felt that home improvement regulations are already sufficient in that area. The regulations cover such questions as signing planning contracts, of course prohibiting it, stating disclosure requirements of the price, the specifications for the contractor, and other important or essential contract terms.

Mr. Vaughn signed a note, and insofar as his note related to his home improvement contract, both bills would speak to the note; the difference is this. S. 316 would require, before the noteholder can enforce his note as a holder in due course, that he obtain from the homeowner or buyer a certificate.

Mr. Vaughn testified that he was told to fill out a completion certificate, and that it was only a matter of redtape. I think this is a good indication of one of the ways that S. 316 system would break down.

On the other hand, S. 2589 does not involve this problem, because the noteholder would be subject to the defenses that Mr. Vaughn may have been able to raise against his contractor, who, incidently, is out of business.

His problem is a good illustration of a lot of problems of buyers in the District of Columbia, because they find when they are sued by a finance company that their seller is out of business. The normal recourse that they might have is foreclosed to them in that instance. They are forced to bear the risk of their seller's solvency and continued existence in business.

Mr. Vaughn signed a completion certificate. S. 2589 provides that the certificate of completion would not be presumptive evidence of completion.

I think that it would have some effect on Mr. Vaughn's case when he would go to trial and take on the problem of trying to prove that he signed it—when at the time he signed it work was actually not completed.

In addition, although I know the bill is not under consideration right now, S. 2591 would have affected his problem. It affords a cancellation right in the instance of home improvement contracts. Mr. Vaughn would have a minimum of 3 days or the time that the work began on his contract, whichever time is earlier.

The time thing is that Mr. Vaughn's case is a good illustration of one of the reasons why S. 2592 is felt to be important. His house, he learned,