

Misrepresentation of Licensing versus Registration

Confusing the terms *Licensing & Regulation* does a great disservice to homeowners and to policymakers who must decide on the future of the TRCC. What's causing the confusion? Is the confusion intentional? Why do so many articles about the TRCC refer to *Licensing*? Where's this misinformation coming from? Is it something conveyed online or in print, or is it all verbal? This text documents an attempt to find out.

What does the TRCC say about Licensing on its website?

I first wanted to see if the TRCC misused the term on its website (www.trcc.state.tx.us), so I used Google to search that specific website, looking for *License* OR *Licensing*. I found nothing there that portrayed builders as Licensed, and only found references to drivers' licenses. But note that I also found nothing to clarify and tell the public that the TRCC only registers builders. One would think that correcting any misunderstanding between *Registration* and *Licensing* would be the agency's responsibility.

I was next troubled by what I found when searching the entire Internet for "*TRCC licensed residential builders.*" The **TRCC home page** was shown first, followed by other TRCC pages and non-TRCC pages, including news stories, homebuilder sites, and city permit requirements.

The technologist in me questioned why the TRCC home page and sub-pages would be ranked so high in the Google search results, since **none** of the TRCC web pages used the words *License* or *Licensing* – not in the text, and not in meta tags embedded in the HTML source code. The non-TRCC pages all used those terms, so their page ranking was understandable, but the TRCC pages avoided using those terms.

My best guess is that the agency intentionally used *License* and *Licensing* as key words when submitting their website to Google, MSN, Yahoo! and other search engines, but I have no way to confirm that. However it was done, the TRCC clearly wanted their site to be ranked high when searching for those terms, even though the agency has nothing to do with *Licensing*. That in itself is misleading in my book.

What would the TRCC tell us on the phone?

Since I found no misrepresentation on the TRCC website, I wondered if the misunderstanding or misrepresentation of *Licensing & Registration* comes from word of mouth, but from whom?

To find out, I called the TRCC, navigated through the voice response system and spoke with the operator. I said I was driving and didn't have Internet access and asked if she could tell me if Mercedes Homes was licensed. She asked what city, and I said Leander, because I knew that Mercedes Homes was building in Fairways at Crystal Falls there. She found a Mercedes Homes in Farmers Branch (Dallas suburb) but didn't know if it was the same builder. I asked for their phone# so I could call and verify, and since she had mentioned their registration #, I asked about *registration* since I wanted to know if they were *licensed*. She said, "***It's the same thing.***" W

Wow – I picked a good builder to ask about! I've since learned that Mercedes Homes filed for Chapter 11 bankruptcy protection back in January. Why wasn't I told that when I asked the TRCC if they were licensed? There's probably no procedure to monitor such things, but that strengthens arguments for builder licensing and performance bonds. Without such protection, unpaid contractors will file liens on homes, and homeowners will get stuck with the bill. See [KEYETV news story \(text & video\)](#).

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Maybe TRCC employees don't understand the difference between *Licensing* and *Registration*, but since the agency is so careful to not confuse the terms on its website, where does this misunderstanding come from? Is it intentionally misleading information communicated verbally by their management or a lack of education or what?

What do the media say about the TRCC and Licensing?

News articles commonly refer to the TRCC as a regulatory agency that licenses builders and has the ability to pull their license. Why? The TRCC web site doesn't say that, so where else does it come from? Is it from the TRCC's public spokesmen, including Executive Director Duane Waddill? Is it from builders or builder associations that represent them? Clearly both know the difference between Licensing and Registration.

Tom Archer recalled his interview with Wade Goodwin for the 3/29 NPR broadcast, [Critics: Texas Agency Favors Builders Over Buyers](#). Wade mentioned his conversation with Bob Perry's attorney, who said Licensing and Registration are **"the same thing."** It's important to note that Perry Homes Vice President and General Counsel John Krugh drafted the bill that established the TRCC and was appointed by Governor Perry as the first member of the Commission.

We can't believe that such misinformation is an honest *"slip of the tongue."* The words *Licensing* and *Registration* don't even sound alike.

Other examples of Licensing & Registration misinformation

- [Texas Municipal League](#) says "TRCC LICENSE VERIFICATION REQUIRED FOR CITY BUILDING PERMITS." Further details on their site say:

*"As many cities continue to rebuild in the wake of Hurricane Ike, it is important to keep in mind certain new state laws regarding residential construction and building permits. **H.B. 1038, passed during the 2007 legislative session, created Texas Local Government Code Section 214.906. This new law requires a city that issues building permits to verify that an applicant residential builder is either licensed by the Texas Residential Construction Commission (TRCC), or is exempt from registration under Texas Property Code 401.005.** The purpose of the legislation is to protect vulnerable citizens from rogue, out-of-state builders who may be both **unlicensed and unqualified** to build quality housing for Texas residents. The best way to verify that a builder is **licensed** with the TRCC is to go to the agency's website (www.trcc.state.tx.us) and click on the "Builder/Remodeler Search" link. If you have any questions about this requirement, please contact Lauren Ford Crawford in the TML Legal Department at (512) 231-7400 or legal@tml.org."*

- [The City of San Antonio](#) describes how to get a building permit and says, "Our staff will verify through the TRCC website (www.trcc.state.tx.us) that the **license** is current and in good standing."
- [The City of Devine Contractor License Requirements](#) says, "A Contractor building a new residence for pay or other compensation, or performing renovations, additions or remodeling to

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the dwelling where the value of the improvements exceed \$10,000.00, must possess a state license issued by the Texas Residential Construction Commission (TRCC)."

- [The City of Seguin](#) says, "Any residential projects with a value of \$10,000.00 and above (excluding roofers and foundation) will require a TRCC License. (No fee for local license)."
- [The City of Pilot Point Building Permit Application](#) requires a "TRCC License Number."
- [American Builders' Network](#) says, "The growing list of Texas home builders presented here are established professionals. They have been in the homebuilding business for a minimum of five years and meet the licensing requirements of the State of Texas."
- [Real Estate Zing](#) says, "According to Law, every home builder in Texas should have the license and necessary insurance to work."
- [Maravilla Custom Home Builder Cancels TRCC License, Receives Complaints for Involvement](#)
- [INCREDIBLE Renovations](#), a remodeler, says "To obtain a permit, we are required to provide a valid TRCC license."
- [Grace Homes](#) publishes a [Before You Buy Checklist](#). The first item is "Is the Builder licensed by the Texas Residential Construction Commission (TRCC)?"
- [JLD Custom Homes](#) proudly touts its "Texas Residential Construction Commission (TRCC) License #25050"
- [DP Custom Homes](#) proudly displays its "TRCC License # 36874"
- [Painting in Austin](#) displays its "TRCC License #23717"
- [Joel McDaniel Construction Services](#) displays the TRCC logo and "TRCC License No: 21871"
- [Skinner Custom Homes](#) displays "State of Texas TRCC, license # 5924"

As one might imagine, the list goes on and on, and on.

The homebuilding industry has been complicit in misleading the public into believing that homebuilders are licensed when in fact they are not. As the trade association representing these homebuilders, Texas Association of Builders must be held accountable for allowing this misleading information to continue, as must TRCC Executive Director Duane Waddill.

The TRCC clearly has an obligation to inform the public and policymakers of the differences between *Licensing* and *Registration*, but Waddill failed to do that in his testimony before the Sunset Advisory Commission, the House Business and Industry Committee, or the TRCC Subcommittee.

At a minimum, there's a compelling need for education to distinguish between the two terms – among builders, the media, the public, the legislature, and the TRCC itself. This misinformation has contributed to public distrust of the TRCC since homeowners don't understand why a builder's "license" wouldn't be revoked after dishonest and/or negligent behavior is confirmed.

The public understandably assumes that homebuilders are licensed in Texas. Only four other states register homebuilders (Rhode Island, Iowa, Delaware and Montana) while 28 states license homebuilders.