

HOUSE BILL 1058

C2, I3

7lr3067

By: **Delegate W. Miller**

Introduced and read first time: February 8, 2017

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Business Regulation – Home Improvement Retailers – Home Improvement**
3 **Contracts**

4 FOR the purpose of authorizing certain home improvement retailers to obtain a certain
5 contract price of a home improvement contract at certain times under certain
6 circumstances; requiring certain home improvement retailers to post an irrevocable
7 letter of credit in a certain amount; authorizing certain owners to file a complaint
8 with the Division of Consumer Protection in the Office of the Attorney General under
9 certain circumstances; providing an exception for home improvement retailers to the
10 requirement that a person may not receive a deposit of more than one-third of a
11 home improvement contract price before or at the time of execution of a home
12 improvement contract; requiring the Division of Consumer Protection to notify the
13 home improvement retailer, investigate a certain complaint, and make certain
14 determinations under certain circumstances; authorizing the Division to draw on a
15 certain letter of credit under certain circumstances; prohibiting a certain home
16 improvement retailer from posting a certain letter of credit for a certain period of
17 time under certain circumstances; providing the Division with the power to
18 investigate a certain home improvement retailer and draw on a certain letter of
19 credit in accordance with a certain provision of law; defining certain terms; and
20 generally relating to home improvement retailers and home improvement contracts.

21 BY adding to

22 Article – Business Regulation

23 Section 8–501.1

24 Annotated Code of Maryland

25 (2015 Replacement Volume and 2016 Supplement)

26 BY repealing and reenacting, with amendments,

27 Article – Business Regulation

28 Section 8–617

29 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2015 Replacement Volume and 2016 Supplement)

2 BY repealing and reenacting, without amendments,
3 Article – Commercial Law
4 Section 13–201
5 Annotated Code of Maryland
6 (2013 Replacement Volume and 2016 Supplement)

7 BY repealing and reenacting, with amendments,
8 Article – Commercial Law
9 Section 13–204(a)(14) and (15)
10 Annotated Code of Maryland
11 (2013 Replacement Volume and 2016 Supplement)

12 BY adding to
13 Article – Commercial Law
14 Section 13–204(a)(16)
15 Annotated Code of Maryland
16 (2013 Replacement Volume and 2016 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
18 That the Laws of Maryland read as follows:

19 **Article – Business Regulation**

20 **8–501.1.**

21 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
22 **INDICATED.**

23 **(2) “DIVISION” MEANS THE CONSUMER PROTECTION DIVISION OF**
24 **THE OFFICE OF THE ATTORNEY GENERAL.**

25 **(3) “HOME IMPROVEMENT RETAILER” MEANS A RETAILER WHO**
26 **SELLS HOME IMPROVEMENT GOODS.**

27 **(B) (1) A HOME IMPROVEMENT RETAILER WHO EMPLOYS A CONTRACTOR**
28 **MAY OBTAIN THE FULL CONTRACT PRICE BEFORE OR AT THE TIME OF EXECUTION**
29 **OF THE HOME IMPROVEMENT CONTRACT IF THE HOME IMPROVEMENT RETAILER**
30 **MEETS THE REQUIREMENTS OF THIS SECTION.**

31 **(2) A HOME IMPROVEMENT RETAILER OR A CONTRACTOR EMPLOYED**
32 **BY A HOME IMPROVEMENT RETAILER WHO SEEKS THE FULL CONTRACT PRICE**
33 **SHALL POST AN IRREVOCABLE LETTER OF CREDIT, PAYABLE TO THE DIVISION, IN**

1 THE AMOUNT OF \$100,000 PER RETAIL STORE BUT NOT TO EXCEED \$2,000,000 FOR
2 A HOME IMPROVEMENT RETAILER WITH MULTIPLE STORES.

3 (3) IN THE EVENT OF A DISPUTE WITH A HOME IMPROVEMENT
4 RETAILER OR A CONTRACTOR EMPLOYED BY A HOME IMPROVEMENT RETAILER, AN
5 OWNER MAY FILE A COMPLAINT WITH THE DIVISION AGAINST THE HOME
6 IMPROVEMENT RETAILER AND REQUEST THAT THE DIVISION DRAW ON THE HOME
7 IMPROVEMENT RETAILER'S LETTER OF CREDIT.

8 (4) ON RECEIPT OF A COMPLAINT, THE DIVISION SHALL:

9 (I) NOTIFY THE HOME IMPROVEMENT RETAILER;

10 (II) INVESTIGATE THE COMPLAINT; AND

11 (III) DETERMINE IF THE HOME IMPROVEMENT RETAILER IS IN
12 DEFAULT OF THE CONTRACT.

13 (5) IF THE DIVISION DETERMINES THAT THE HOME IMPROVEMENT
14 RETAILER OR A CONTRACTOR EMPLOYED BY THE HOME IMPROVEMENT RETAILER
15 IS IN DEFAULT OF THE CONTRACT, THE DIVISION MAY, AFTER PROVIDING NOTICE
16 TO THE HOME IMPROVEMENT RETAILER, DRAW ON THE LETTER OF CREDIT TO
17 SATISFY A CONSUMER'S COMPLAINT.

18 (6) IF, IN ACCORDANCE WITH PARAGRAPH (5) OF THIS SUBSECTION,
19 THE DIVISION DRAWS ON THE LETTER OF CREDIT OF A HOME IMPROVEMENT
20 RETAILER AT LEAST TWO TIMES WITHIN A 2-YEAR PERIOD, THE HOME
21 IMPROVEMENT RETAILER SHALL BE PROHIBITED FROM POSTING AN IRREVOCABLE
22 LETTER OF CREDIT UNDER THIS SECTION FOR 5 YEARS.

23 8-617.

24 (a) A person may not demand or receive any payment for a home improvement
25 before the home improvement contract is signed.

26 (b) [A] EXCEPT AS PROVIDED IN § 8-501.1 OF THIS TITLE, A person may not
27 receive a deposit of more than one-third of the home improvement contract price before or
28 at the time of execution of the home improvement contract.

29 Article – Commercial Law

30 13-201.

1 There is a Division of Consumer Protection in the Office of the Attorney General.
2 The Division shall administer this subtitle.

3 13–204.

4 (a) In addition to any other of its powers and duties, the Division has the powers
5 and duties to:

6 (14) Maintain a list of nonprofit organizations that:

7 (i) Solely offer counseling or advice to homeowners in foreclosure or
8 loan default; and

9 (ii) Are not directly or indirectly related to and do not contract for
10 services with for–profit lenders or foreclosure purchasers, as defined in § 7–301 of the Real
11 Property Article; [and]

12 (15) (i) Bring a civil action for damages against a person who violates §
13 8–801 of the Criminal Law Article on behalf of a victim of the offense or, if the victim is
14 deceased, the victim’s estate;

15 (ii) Recover damages under this item for property loss or damage;
16 and

17 (iii) If the Division prevails in an action brought under this item,
18 recover the costs of the action for the use of the Office of the Attorney General; AND

19 **(16) INVESTIGATE, IN ACCORDANCE WITH § 8–501.1 OF THE BUSINESS**
20 **REGULATION ARTICLE, A RETAILER WHO SELLS HOME IMPROVEMENT GOODS AND**
21 **DRAWS ON A LETTER OF CREDIT POSTED BY THE RETAILER.**

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 October 1, 2017.