

SENATE BILL 1198

C2

8lr4015
CF HB 674

By: **Senator Bates**

Introduced and read first time: February 22, 2018

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Business Regulation – Home Improvement Contracts**

3 FOR the purpose of authorizing certain home improvement retailers to obtain the full
4 contract price of a home improvement contract before or at the time of execution of
5 the contract under certain circumstances; requiring certain home improvement
6 retailers to post an irrevocable letter of credit in a certain amount; authorizing
7 certain owners to file a complaint with the Maryland Home Improvement
8 Commission under certain circumstances; establishing an exception for home
9 improvement retailers to the prohibition on receiving a deposit of more than
10 one-third of a home improvement contract price before or at the time of execution of
11 a home improvement contract; requiring the Commission to notify the home
12 improvement retailer, investigate a certain complaint, and make certain
13 determinations under certain circumstances; authorizing the Commission to draw
14 on a certain letter of credit under certain circumstances; prohibiting a certain home
15 improvement retailer from posting a certain letter of credit for a certain period of
16 time under certain circumstances; defining a certain term; and generally relating to
17 home improvement contracts.

18 BY adding to

19 Article – Business Regulation
20 Section 8–212(c) and 8–501.1
21 Annotated Code of Maryland
22 (2015 Replacement Volume and 2017 Supplement)

23 BY repealing and reenacting, with amendments,

24 Article – Business Regulation
25 Section 8–617
26 Annotated Code of Maryland
27 (2015 Replacement Volume and 2017 Supplement)

28 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 That the Laws of Maryland read as follows:

2 **Article – Business Regulation**

3 8–212.

4 (C) IN ACCORDANCE WITH § 8–501.1 OF THIS TITLE, THE COMMISSION
5 SHALL INVESTIGATE A COMPLAINT FILED AGAINST A RETAILER WHO SELLS HOME
6 IMPROVEMENT GOODS AND MAY DRAW ON A LETTER OF CREDIT POSTED BY THE
7 RETAILER TO SATISFY A CONSUMER’S COMPLAINT.

8 **8–501.1.**

9 (A) IN THIS SECTION, “HOME IMPROVEMENT RETAILER” MEANS A
10 RETAILER WHO SELLS HOME IMPROVEMENT GOODS.

11 (B) (1) A HOME IMPROVEMENT RETAILER WHO EMPLOYS A CONTRACTOR
12 MAY OBTAIN THE FULL CONTRACT PRICE BEFORE OR AT THE TIME OF EXECUTION
13 OF THE HOME IMPROVEMENT CONTRACT IF THE HOME IMPROVEMENT RETAILER
14 MEETS THE REQUIREMENTS OF THIS SECTION.

15 (2) A HOME IMPROVEMENT RETAILER OR A CONTRACTOR EMPLOYED
16 BY A HOME IMPROVEMENT RETAILER WHO SEEKS THE FULL CONTRACT PRICE
17 SHALL POST AN IRREVOCABLE LETTER OF CREDIT, PAYABLE TO THE COMMISSION,
18 IN THE AMOUNT OF \$100,000 PER RETAIL STORE BUT NOT TO EXCEED \$2,000,000
19 FOR A HOME IMPROVEMENT RETAILER WITH MULTIPLE STORES.

20 (3) IN THE EVENT OF A DISPUTE WITH A HOME IMPROVEMENT
21 RETAILER OR A CONTRACTOR EMPLOYED BY A HOME IMPROVEMENT RETAILER, AN
22 OWNER MAY FILE A COMPLAINT WITH THE COMMISSION AGAINST THE HOME
23 IMPROVEMENT RETAILER AND REQUEST THAT THE COMMISSION DRAW ON THE
24 HOME IMPROVEMENT RETAILER’S LETTER OF CREDIT.

25 (4) ON RECEIPT OF A COMPLAINT, THE COMMISSION SHALL:

26 (I) NOTIFY THE HOME IMPROVEMENT RETAILER;

27 (II) INVESTIGATE THE COMPLAINT; AND

28 (III) DETERMINE IF THE HOME IMPROVEMENT RETAILER IS IN
29 DEFAULT OF THE CONTRACT.

30 (5) IF THE COMMISSION DETERMINES THAT THE HOME
31 IMPROVEMENT RETAILER OR A CONTRACTOR EMPLOYED BY THE HOME

1 IMPROVEMENT RETAILER IS IN DEFAULT OF THE CONTRACT, THE COMMISSION MAY,
2 AFTER PROVIDING NOTICE TO THE HOME IMPROVEMENT RETAILER, DRAW ON THE
3 LETTER OF CREDIT TO SATISFY A CONSUMER'S COMPLAINT.

4 (6) IF, IN ACCORDANCE WITH PARAGRAPH (5) OF THIS SUBSECTION,
5 THE COMMISSION DRAWS ON THE LETTER OF CREDIT OF A HOME IMPROVEMENT
6 RETAILER AT LEAST TWICE WITHIN A 2-YEAR PERIOD, THE HOME IMPROVEMENT
7 RETAILER SHALL BE PROHIBITED FROM POSTING AN IRREVOCABLE LETTER OF
8 CREDIT UNDER THIS SECTION FOR 5 YEARS.

9 8-617.

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

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

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 October 1, 2018.