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By: **Delegates Kach and Kelly**

Introduced and read first time: February 13, 1998

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Home Improvement Contracts**

3 FOR the purpose of restricting a contractor's right to enforce a home improvement  
4 contract or recover damages for the breach of a home improvement contract if  
5 the contractor fails to satisfy certain requirements; providing for the  
6 applicability of this Act; and generally relating to home improvement contracts  
7 and the licensing and regulation of home improvement contractors.

8 BY repealing and reenacting, with amendments,  
9 Article - Business Regulation  
10 Section 8-501  
11 Annotated Code of Maryland  
12 (1992 Volume and 1997 Supplement)

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

15 **Article - Business Regulation**

16 8-501.

17 (a) (1) A home improvement contract that does not comply with this section  
18 is not invalid merely because of noncompliance.

19 (2) NOTWITHSTANDING PARAGRAPH (1) OF THIS SUBSECTION:

20 (I) A HOME IMPROVEMENT CONTRACT THAT FAILS TO SATISFY  
21 THE REQUIREMENTS OF SUBSECTION (B) OF THIS SECTION MAY NOT BE ENFORCED  
22 BY A CONTRACTOR WHO DIRECTLY OR INDIRECTLY PROVIDES HOME IMPROVEMENT  
23 SERVICES UNDER THE HOME IMPROVEMENT CONTRACT; AND

24 (II) THE CONTRACTOR WHO FAILS TO COMPLY WITH THE  
25 REQUIREMENTS OF SUBSECTION (B) OF THIS SECTION MAY NOT RECOVER DAMAGES  
26 ARISING FROM A BREACH OF THE HOME IMPROVEMENT CONTRACT.

27 (b) Each home improvement contract shall:

- 1 (1) be in writing and legible;
- 2 (2) describe clearly each document that it incorporates; and
- 3 (3) be signed by each party to the home improvement contract.

4 (c) (1) In addition to any other matters on which the parties lawfully agree,  
5 each home improvement contract shall contain:

- 6 (i) the name, address, and license number of the contractor;
- 7 (ii) the name and license number of each salesperson who solicited  
8 the home improvement contract or sold the home improvement;
- 9 (iii) the approximate dates when the performance of the home  
10 improvement will begin and when it will be substantially completed;
- 11 (iv) a description of the home improvement to be performed and the  
12 materials to be used;
- 13 (v) the agreed consideration;
- 14 (vi) the number of monthly payments and the amount of each  
15 payment, including any finance charge;
- 16 (vii) a description of any collateral security for the obligation of the  
17 owner under the home improvement contract; and
- 18 (viii) a notice that gives the telephone number of the Commission and  
19 states that:

- 20 1. each contractor and each subcontractor must be licensed  
21 by the Commission; and
- 22 2. anyone may ask the Commission about a contractor or  
23 subcontractor.

24 (2) If payment for work performed under the home improvement  
25 contract will be secured by an interest in residential real estate, a written notice in  
26 not smaller than 10 point bold type that is on the first page of the contract shall state  
27 in substantially the following form: "This contract creates a mortgage or lien against  
28 your property to secure payment and may cause a loss of your property if you fail to  
29 pay the amount agreed upon. You have the right to consult an attorney. You have the  
30 right to rescind this contract within 3 business days after the date you sign it by  
31 notifying the contractor in writing that you are rescinding the contract."

32 (3) The notice under paragraph (2) of this subsection shall be  
33 independently initialed by the homeowner.

34 (d) Before the performance of a home improvement begins, the owner shall be  
35 given a copy of the home improvement contract signed by the contractor.

1 (e) A salesperson or other agent or employee of a contractor may not make a  
2 change in a home improvement contract for an owner.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to  
4 contracts entered into on or after the effective date of this Act.

5 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
6 October 1, 1998.