

**Department of Legislative Services**  
Maryland General Assembly  
2001 Session

**FISCAL NOTE**

House Bill 992           (Delegate Kach)  
Economic Matters

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**Business Regulation - Maryland Home Builder Registration Act - Repeal of  
Lender Exemption**

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This bill repeals from the Maryland Home Builder Registration Act the exemption from registration with the Consumer Protection Division for mortgage lenders that have undertaken to finish a project that a builder has abandoned. The bill also provides that the home builder is not subject to the Act's performance standards if the standards are preempted by the National Manufactured Housing and Safety Standards Act of 1974.

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**Fiscal Summary**

**State Effect:** None. Enforcement could be handled with existing resources.

**Local Effect:** None.

**Small Business Effect:** Potential minimal.

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**Analysis**

**Current Law:** Mortgage lenders that have undertaken to finish a project the builder has abandoned are exempt from registering with the Consumer Protection Division.

**Background:** Chapter 522 of 2000 established The Maryland Home Builder Registration Act. The Act: (1) requires a person to register and obtain a home builder's registration number in order to act as a home builder; (2) establishes a Home Builders Registration Fund (HBRF) to cover the actual documented direct and indirect costs of fulfilling the statutory and regulatory duties of the Home Builder Registration Unit (HBRU); (3) establishes a consumer remedy procedure; (4) requires a person who constructs new

homes for sale to members of the public to maintain general liability insurance in an amount of at least \$100,000; (5) requires the HBRU, in consultation with the home builder industry, to develop a consumer information pamphlet; (6) exempts mortgage lenders that have undertaken to finish a project the builder has abandoned from needing a registration number; and (7) requires the Consumer Protection Division to submit an annual report, beginning on or before November 1, 2001, to the Governor and the General Assembly of its activities regarding the home builder industry.

The National Manufactured Housing and Safety Standards Act of 1974 governs the construction of manufactured homes (i.e., mobile homes).

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 608 (Senator Kelley) – Finance.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division), Department of Legislative Services

**Fiscal Note History:** First Reader –February 18, 2001  
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