

**Department of Legislative Services**  
Maryland General Assembly  
2005 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 1576  
Economic Matters

(Delegate Cadden)

Finance

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**Home Builder Registration - Denial, Suspension, and Revocation - Grounds**

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This bill expands the circumstances under which the Home Builder Registration Unit (HRU) may deny registration to an applicant, reprimand a registrant, suspend or revoke a registration, or impose a civil penalty on a registrant to include repeated violations of local building, development, or zoning permit laws or regulations. Under the bill, the repeated violation of specified laws or regulations includes environmental protection laws or regulations.

The bill takes effect July 1, 2005.

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**Fiscal Summary**

**State Effect:** None, assuming that fewer than 50 complaints are received by the Consumer Protection Division.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** HRU may deny registration to an applicant, reprimand a registrant, suspend or revoke a registration, or impose a civil penalty on a registrant if it determines that the applicant or registrant violated specified offenses, including: repeatedly violated a State or federal law or regulation that relates to the fitness and qualification or ability of the applicant or registrant to build homes; or repeatedly engaged in fraud, deception,

misrepresentation, or knowing omissions of material facts related to home building contracts.

**Background:** Chapter 522 of 2000 established HRU in the Consumer Protection Division of the Attorney General. Generally, Chapter 522: (1) required a person to register and obtain a home builder's registration number in order to act as a home builder; (2) established the Home Builder Registration Fund to cover the actual documented direct and indirect costs of fulfilling the statutory and regulatory duties of the unit; (3) established a consumer remedy procedure; (4) required 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) required that a home builder, that is reinstated after a license revocation, maintain a bond for the use of subcontractors for four years; (6) provided that the unit may deny, suspend, or revoke a registration to an applicant who has engaged in fraudulent and/or deceptive practices or has misused a home builder's registration number; (7) required the unit, in consultation with the home builder industry, to develop a consumer information pamphlet; (8) exempted mortgage lenders who have undertaken to finish a project the builder has abandoned from needing a registration number; (9) provided for the imposition of civil and criminal penalties; (10) detailed what information must be included in a purchase contract, but exempted Montgomery County from this provision; and (11) required the unit to maintain a list of all registrants.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Town of Elkton, Town of Thurmont, City of Annapolis, Montgomery County, Kent County, Worcester County, Office of the Attorney General (Consumer Protection), Department of Legislative Services

**Fiscal Note History:** First Reader - March 18, 2005  
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