

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 1365 (Delegates Walkup and Sossi)
Economic Matters

Home Builders - Installation of New Homes - Responsibility for Defects

This bill makes a home builder that installs a new home that is an industrialized building intended for residential use, a manufactured home, or a mobile home responsible for any defects in the home's components, regardless of whether the home is the responsibility of the manufacturer under State law.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: None. The bill would not directly affect State operations or finances, provided the bill's changes do not result in more than 50 additional complaints filed per year with the Consumer Protection Division of the Office of the Attorney General.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Generally, a person may not act as a home builder in the State unless registered under the Maryland Home Builder Registration Act with the Consumer Protection Division (Home Builder Registration Unit) of the Office of the Attorney General. Registrants must maintain liability insurance, pay registration fees, and post their registration numbers on properties at which they are working. A home builder who installs an industrialized building or a mobile home is responsible for any defects in the

components of the industrialized building or mobile home, except for those that are the responsibility of the manufacturer under laws administered by the Department of Housing and Community Development.

A “manufactured home” is generally defined under the Public Safety Article (the applicable definition in the bill) as a structure that is transportable in one or more sections, is at least 8 feet wide and at least 30 feet long, is built on a permanent chassis, and is designed to be used as a dwelling, with or without a permanent foundation, when connected to utilities. “Manufactured home” includes the plumbing, heating, air-conditioning, and electrical systems contained in the structure.

The terms “manufactured home” and “mobile home” generally have the same meaning, but are both used in different provisions of the Annotated Code. During code revision in 2003, the term “mobile home” was replaced by “manufactured home” in provisions of the Public Safety Article regulating industrialized buildings and manufactured homes to conform to terminology used in federal law regulating manufactured homes.

An “industrialized building” is generally defined as a building assembly or system of building subassemblies manufactured in its entirety, or in substantial part, off site and transported to a site for installation or erection as a finished building or as part of a finished building that comprises two or more industrialized building units. The definition does not include a manufactured home.

Background: As of June 30, 2005, 3,478 home builders were registered with the Home Builder Registration Unit. Of those builders, 6% reported building industrialized buildings and 3% reported building mobile homes. The services of the Consumer Protection Division’s Mediation Unit and Arbitration Unit are available at no cost to home buyers to help resolve disputes with home builders.

Small Business Effect: Small business home builders who install industrialized buildings for residential use, manufactured homes, or mobile homes could be adversely affected by bearing responsibility for and having to correct manufacturer defects.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Office of the Attorney General (Consumer Protection Division); *2005 Annual Report, Home Builder Registration Unit*, Department of Legislative Services

Fiscal Note History: First Reader - March 14, 2006
ncs/ljm

Analysis by: Scott D. Kennedy

Direct Inquiries to:
(410) 946-5510
(301) 970-5510