

SENATE BILL 704

C2

71r2054
CF 71r1965

By: **Senators Conway and Colburn**

Introduced and read first time: February 2, 2007

Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **Home Improvement Contracts – Exception to Limit on Deposits**

3 FOR the purpose of authorizing a person to receive a deposit of more than one-third of
4 a home improvement contract price before or at the time of execution of the
5 home improvement contract if that person provides a certain bond or bond
6 equivalent and includes a certain notice in the home improvement contract; and
7 generally relating to an exception to the limit on deposits before or at the time
8 of execution of a home improvement contract.

9 BY repealing and reenacting, with amendments,
10 Article – Business Regulation
11 Section 8–617
12 Annotated Code of Maryland
13 (2004 Replacement Volume and 2006 Supplement)

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

16 **Article – Business Regulation**

17 8–617.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) [A] **EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, A**
2 person may not receive a deposit of more than one-third of the home improvement
3 contract price before or at the time of execution of the home improvement contract.

4 **(C) A PERSON ENGAGED IN THE BUSINESS OF MAKING RETAIL SALES IN**
5 **THE STATE MAY RECEIVE PAYMENT OF MORE THAN ONE-THIRD OF THE HOME**
6 **IMPROVEMENT CONTRACT BEFORE OR AT THE TIME OF EXECUTION OF THE**
7 **HOME IMPROVEMENT CONTRACT IF THE PERSON:**

8 **(1) PROVIDES:**

9 **(I) A PERFORMANCE AND PAYMENT BOND;**

10 **(II) A LIEN AND COMPLETION BOND; OR**

11 **(III) A BOND EQUIVALENT APPROVED BY THE COMMISSION**
12 **THAT GUARANTEES THE FULL PERFORMANCE AND COMPLETION OF A SIGNED**
13 **HOME IMPROVEMENT CONTRACT; AND**

14 **(2) INCLUDES IN THE HOME IMPROVEMENT CONTRACT CLEAR**
15 **AND CONSPICUOUS WRITTEN NOTICE THAT:**

16 **(I) THE CUSTOMER IS NOT REQUIRED TO PAY MORE THAN**
17 **ONE-THIRD OF THE HOME IMPROVEMENT CONTRACT PRICE BEFORE OR AT THE**
18 **TIME OF EXECUTION OF THE HOME IMPROVEMENT CONTRACT; AND**

19 **(II) IF THE CUSTOMER CHOOSES TO PAY MORE THAN**
20 **ONE-THIRD OF THE HOME IMPROVEMENT CONTRACT PRICE BEFORE OR AT THE**
21 **TIME OF EXECUTION OF THE HOME IMPROVEMENT CONTRACT, THE**
22 **CONTRACTOR WILL PROVIDE A BOND OR BOND EQUIVALENT TO ENSURE**
23 **COMPLETION OF THE HOME IMPROVEMENT CONTRACT.**

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 June 1, 2007.