

# HOUSE BILL 409

C2

8lr0093

---

By: **Chair, Economic Matters Committee (By Request – Departmental – Labor, Licensing and Regulation)**

Introduced and read first time: January 28, 2008

Assigned to: Economic Matters

---

Committee Report: Favorable

House action: Adopted

Read second time: February 13, 2008

---

## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Maryland Home Improvement Commission – Home Improvement Guaranty**  
3 **Fund – Claims**

4 FOR the purpose of altering the maximum amount of money that the Maryland Home  
5 Improvement Commission may award from the Home Improvement Guaranty  
6 Fund to certain claimants for certain acts or omissions; altering the maximum  
7 amount of a certain claim for which the Commission may issue certain orders  
8 under certain circumstances; providing for the construction of this Act; and  
9 generally relating to the Home Improvement Guaranty Fund.

10 BY repealing and reenacting, with amendments,  
11 Article – Business Regulation  
12 Section 8–405 and 8–407  
13 Annotated Code of Maryland  
14 (2004 Replacement Volume and 2007 Supplement)

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

17 **Article – Business Regulation**

18 8–405.

19 (a) Subject to this subtitle, an owner may recover compensation from the  
20 Fund for an actual loss that results from an act or omission by a licensed contractor or

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 a violation of § 8-607(4) of this title as found by the Commission or a court of  
2 competent jurisdiction.

3 (b) For purposes of recovery from the Fund, the act or omission of a licensed  
4 contractor includes the act or omission of a subcontractor, salesperson, or employee of  
5 the licensed contractor, whether or not an express agency relationship exists.

6 (c) A claimant shall comply with a written agreement to submit a dispute to  
7 arbitration before seeking recovery from the Fund.

8 (d) The Commission may deny a claim if the Commission finds that the  
9 claimant unreasonably rejected good faith efforts by the contractor to resolve the  
10 claim.

11 (e) The Commission may not award from the Fund:

12 (1) more than [~~\$15,000~~] **\$20,000** to 1 claimant for acts or omissions of  
13 1 contractor;

14 (2) more than \$100,000 to all claimants for acts or omissions of 1  
15 contractor unless, after the Commission has paid out \$100,000 on account of acts or  
16 omissions of the contractor, the contractor reimburses \$100,000 to the Fund;

17 (3) an amount for attorney fees, consequential damages, court costs,  
18 interest, personal injury damages, or punitive damages; or

19 (4) an amount as a result of a default judgment in court.

20 (f) (1) A claim against the Fund based on the act or omission of a  
21 particular contractor may not be made by:

22 (i) a spouse or other immediate relative of the contractor;

23 (ii) an employee, officer, or partner of the contractor; or

24 (iii) an immediate relative of an employee, officer, or partner of  
25 the contractor.

26 (2) An owner may make a claim against the Fund only if the owner:

27 (i) resides in the home as to which the claim is made; or

28 (ii) does not own more than 3 residences or dwelling places.

29 (g) A claim shall be brought against the Fund within 3 years after the  
30 claimant discovered or, by use of ordinary diligence, should have discovered the loss or  
31 damage.

1 8-407.

2 (a) The procedures for notice, hearings, and judicial review that apply to  
3 proceedings under Subtitle 3 of this title also apply to proceedings to recover from the  
4 Fund.

5 (b) On receipt of a claim, the Commission shall:

6 (1) send a copy of the claim to the contractor alleged to be responsible  
7 for the actual loss; and

8 (2) require a written response to the claim within 10 days.

9 (c) (1) The Commission:

10 (i) shall review the claim and any response to it; and

11 (ii) may investigate the claim.

12 (2) On the basis of its review and any investigation, the Commission  
13 may:

14 (i) set the matter for a hearing;

15 (ii) dismiss the claim, if the claim is frivolous, legally  
16 insufficient, or made in bad faith; or

17 (iii) issue a proposed order to pay all or part of the claim or deny  
18 the claim if the total claim against a particular contractor does not exceed **[\$2,500]**  
19 **\$5,000**.

20 (d) (1) The Commission shall send the proposed order to the claimant and  
21 the contractor, at the most recent address on record with the Commission, by:

22 (i) personal delivery; or

23 (ii) both regular mail and certified mail, return receipt  
24 requested.

25 (2) Within 21 days after service, receipt, or attempted delivery of the  
26 proposed order, the claimant or contractor may submit to the Commission:

27 (i) a written request for a hearing before the Commission; or

28 (ii) a written exception to the proposed order.

**HOUSE BILL 409**

1                   (3) If the claimant or contractor submits a timely exception to the  
2 proposed order, the Commission may:

3                           (i) issue a revised proposed order;

4                           (ii) set a hearing on the claim; or

5                           (iii) dismiss the claim.

6                   (4) Unless the claimant or contractor submits a timely request for a  
7 hearing or a timely exception, the proposed order is final.

8           (e)   (1) At a hearing on a claim, the claimant has the burden of proof.

9                   (2) If a subcontractor or salesperson is necessary to adjudicate a claim  
10 fairly, the Commission shall issue a subpoena for that person to appear at the hearing.

11           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
12 construed to apply to any claim pending before the Maryland Home Improvement  
13 Commission for which the Commission has not issued a final decision prior to the  
14 effective date of this Act.

15           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
16 October 1, 2008.

Approved:

---

Governor.

---

Speaker of the House of Delegates.

---

President of the Senate.