

# SENATE BILL 1008

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CF HB 1557

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By: **Senator Middleton**

Constitutional Requirements Complied with for Introduction in the last 35 Days of Session

Introduced and read first time: March 11, 2008

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Home Builders – Sales Representative Registration and Home Builder**  
3 **Guaranty Fund**

4 FOR the purpose of repealing a requirement that an individual who sells any real  
5 estate as a sales agent for a home builder be licensed by the State Real Estate  
6 Commission; renaming the Home Builder Registration Unit in the Consumer  
7 Protection Division of the Office of the Attorney General to be the Home Builder  
8 and Home Builder Sales Representative Registration Unit; requiring the Unit to  
9 maintain a list of certain registered sales representatives; requiring the Unit to  
10 make certain information regarding certain laws and regulations available to  
11 certain registered sales representatives within a certain time period; requiring  
12 the Unit to collect and maintain certain information regarding consumer  
13 complaints involving registered sales representatives; prohibiting certain  
14 persons from acting as home builder sales representatives unless the person is a  
15 registered sales representatives; providing for certain application, issuance, and  
16 renewal procedures for registration certificates for registered sales  
17 representatives; requiring certain registered sales representatives to display a  
18 certain registration certificate in a certain manner; authorizing the Unit to  
19 deny, reprimand, suspend, or revoke a certain registration certificate or impose  
20 certain penalties on certain registered sales representatives under certain  
21 circumstances; prohibiting certain acts and providing for certain penalties;  
22 requiring certain persons to pay a certain fee before being issued certain  
23 permits for home building in certain counties; increasing certain home builder  
24 registration and renewal fees; requiring the Division to establish the Home  
25 Builder Guaranty Fund; requiring the Division to maintain the Guaranty Fund  
26 at a certain monetary level, deposit certain money into the Guaranty Fund, and  
27 administer the Guaranty Fund; requiring the Office of Legislative Audits to  
28 audit the Guaranty Fund; establishing a custodian of the Guaranty Fund;  
29 requiring that certain administrative costs of the Guaranty Fund be paid from a

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 certain fund; requiring certain home builders to pay a certain Guaranty Fund  
2 fee with each application for a permit for the construction of a new home;  
3 authorizing a home builder to collect money for the Guaranty Fund fee from a  
4 certain person; requiring certain county departments to remit Guaranty Fund  
5 fees to the Division at a certain time; authorizing the Division to set a certain  
6 fee; providing for the suspension of a home builder's registration under certain  
7 circumstances; authorizing a consumer to recover compensation from the  
8 Guaranty Fund under certain circumstances; requiring certain consumers to  
9 provide a certain notice to a registrant under certain circumstances; requiring a  
10 complainant with a certain new home warranty security plan to file a certain  
11 claim with the plan and exhaust the plan's claims process before seeking  
12 recovery from the Guaranty Fund; establishing certain limits on the recovery of  
13 a claimant; authorizing the Division to deny a claim under certain  
14 circumstances; limiting the amounts of money and purposes for which the  
15 Division may make awards from the Guaranty Fund; prohibiting certain  
16 persons from making claims against the Guaranty Fund; authorizing a claimant  
17 to bring a claim against the Guaranty Fund within a certain time period;  
18 specifying procedures for recovering money from the Guaranty Fund; requiring  
19 the Division's mediation unit to perform certain duties; requiring the Division to  
20 process certain claims made against the Guaranty Fund; authorizing a claimant  
21 to make certain appeals; providing that the Division has a right to  
22 reimbursement from a certain registrant for money paid from the Guaranty  
23 Fund; establishing certain penalties; requiring the Consumer Protection  
24 Division of the Office of the Attorney General to submit a certain report on the  
25 activities regarding the Home Builder Registration Fund and the Home Builder  
26 Guaranty Fund to the General Assembly on or before a certain date each year;  
27 defining certain terms; providing for the application of this Act; and generally  
28 relating to the Home Builder Guaranty Fund and the registration of home  
29 builder sales representatives.

30 BY repealing and reenacting, without amendments,  
31 Article – Business Occupations and Professions  
32 Section 17–101(a)  
33 Annotated Code of Maryland  
34 (2004 Replacement Volume and 2007 Supplement)

35 BY repealing and reenacting, with amendments,  
36 Article – Business Occupations and Professions  
37 Section 17–101(l)  
38 Annotated Code of Maryland  
39 (2004 Replacement Volume and 2007 Supplement)

40 BY repealing and reenacting, with amendments,  
41 Article – Business Regulation  
42 Section 4.5–101, 4.5–201, 4.5–202, 4.5–301, 4.5–303 through 4.5–308, 4.5–501,  
43 and 4.5–601; and 4.5–701 to be under the amended subtitle “Subtitle 8.  
44 Short Title”  
45 Annotated Code of Maryland

1 (2004 Replacement Volume and 2007 Supplement)

2 BY repealing and reenacting, without amendments,  
 3 Article – Business Regulation  
 4 Section 4.5–203 and 4.5–302  
 5 Annotated Code of Maryland  
 6 (2004 Replacement Volume and 2007 Supplement)

7 BY adding to  
 8 Article – Business Regulation  
 9 Section 4.5–304.1; and 4.5–701 through 4.5–712 to be under the new subtitle  
 10 “Subtitle 7. Home Builder Guaranty Fund”  
 11 Annotated Code of Maryland  
 12 (2004 Replacement Volume and 2007 Supplement)

13 BY repealing and reenacting, with amendments,  
 14 Chapter 522 of the Acts of the General Assembly of 2000  
 15 Section 4

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

18 **Article – Business Occupations and Professions**

19 17–101.

20 (a) In this title the following words have the meanings indicated.

21 (1) “Provide real estate brokerage services” means to engage in any of the  
 22 following activities:

23 (1) for consideration, providing any of the following services for  
 24 another person:

25 (i) selling, buying, exchanging, or leasing any real estate; **OR**

26 (ii) [selling any real estate as a sales agent for a home builder;  
 27 or

28 (iii)] collecting rent for the use of any real estate;

29 (2) for consideration, assisting another person to locate or obtain for  
 30 purchase or lease any residential real estate;

31 (3) engaging regularly in a business of dealing in real estate or leases  
 32 or options on real estate;

1 (4) engaging in a business the primary purpose of which is promoting  
2 the sale of real estate through a listing in a publication issued primarily for the  
3 promotion of real estate sales;

4 (5) engaging in a business that subdivides land that is located in any  
5 state and sells the divided lots; or

6 (6) for consideration, serving as a consultant regarding any activity  
7 set forth in items (1) through (5) of this subsection.

## 8 **Article - Business Regulation**

9 4.5-101.

10 (a) In this title the following words have the meanings indicated.

11 (b) "Consumer" means an owner or a contract purchaser.

12 (c) "Contract purchaser" means a person who has entered into a contract  
13 with a home builder to purchase a new home, but who has not yet settled on the  
14 purchase of the new home.

15 (d) "Division" means the Consumer Protection Division of the Office of the  
16 Attorney General.

17 (e) "Exempt lender" means a lender exempt from the requirements of  
18 registration as provided in § 4.5-501(c) of this title.

19 **(F) "GUARANTY FUND" MEANS THE HOME BUILDER GUARANTY FUND.**

20 **[(f)] (G)** (1) "Home builder" means a person that undertakes to erect or  
21 otherwise construct a new home.

22 (2) "Home builder" includes:

23 (i) a custom home builder as defined in § 10-501 of the Real  
24 Property Article;

25 (ii) a new home builder subject to § 10-301 of the Real Property  
26 Article; and

27 (iii) the installer or retailer of a mobile home or an industrialized  
28 building intended for residential use.

29 (3) "Home builder" does not include:

1 (i) an employee of a registrant who does not hold himself or  
2 herself out for hire in home building except as an employee of a registrant;

3 (ii) subcontractors or other vendors hired by the registrant to  
4 perform services or supply materials for the construction of a new home who do not  
5 otherwise meet the requirements of this title;

6 (iii) the manufacturer of industrialized buildings intended for  
7 residential use or of mobile homes, unless the manufacturer also installs the  
8 industrialized buildings or mobile homes;

9 (iv) a real estate developer who does not construct homes;

10 (v) a financial institution that lends funds for the construction  
11 or purchase of residential dwellings in the State; or

12 (vi) **EXCEPT AS OTHERWISE PROVIDED IN THIS TITLE**, a  
13 person who erects or constructs new homes solely in Montgomery County.

14 [(g)] **(H)** “Home builder registration number” means a registration number  
15 issued by the Unit to a registrant under this title.

16 **(I) (1) “HOME BUILDER SALES REPRESENTATIVE” MEANS AN**  
17 **INDIVIDUAL EMPLOYED BY A HOME BUILDER AS THE HOME BUILDER’S**  
18 **REPRESENTATIVE TO CONSUMERS REGARDING THE PURCHASE OF A NEW HOME**  
19 **FROM THE HOME BUILDER.**

20 **(2) “HOME BUILDER SALES REPRESENTATIVE” INCLUDES**  
21 **INDIVIDUALS EMPLOYED BY A PERSON WHO ERECTS OR CONSTRUCTS NEW**  
22 **HOMES SOLELY IN MONTGOMERY COUNTY AND IS NOT REQUIRED TO REGISTER**  
23 **UNDER THIS TITLE.**

24 **(3) “HOME BUILDER SALES REPRESENTATIVE” DOES NOT**  
25 **INCLUDE AN INDIVIDUAL EMPLOYED BY AN INSTALLER OR RETAILER OF**  
26 **MOBILE HOMES OR INDUSTRIALIZED BUILDINGS INTENDED FOR RESIDENTIAL**  
27 **USE.**

28 [(h)] **(J)** “Industrialized building” has the meaning stated in § 12–301 of the  
29 Public Safety Article.

30 [(i)] **(K)** “Install” has the meaning stated in § 12–301 of the Public Safety  
31 Article.

32 [(j)] **(L)** “Mobile home” means a manufactured home as defined in § 12–301  
33 of the Public Safety Article.

1            [(k)] (M)    (1)    “New home” means each newly constructed residential  
2 dwelling unit in the State and the fixtures and structure that are made a part of a  
3 newly constructed private dwelling unit at the time of construction.

4                    (2)    “New home” includes:

5                    (i)    a custom home as defined in § 10–501(c) of the Real Property  
6 Article;

7                    (ii)   a new home to which § 10–301 of the Real Property Article  
8 applies;

9                    (iii)  an industrialized building intended for residential use; and

10                   (iv)  a mobile home.

11                   (N)    **“NEW HOME CONTRACT” MEANS AN AGREEMENT BETWEEN A HOME**  
12 **BUILDER AND A CONSUMER FOR THE SALE OR CONSTRUCTION OF A NEW HOME.**

13            [(l)] (O)    (1)    “Owner” means a person for whom a new home is built or to  
14 whom a new home is sold for occupation by:

15                    (i)    that person or the family of that person as a home; or

16                    (ii)  the successors of that person in title to the home or a  
17 mortgagor in possession.

18                    (2)    “Owner” includes a contract purchaser who contracts with a  
19 registrant for the construction and purchase of a new home.

20                    (3)    “Owner” does not include:

21                    (i)    a development company, association, or subsidiary company  
22 of a registrant; or

23                    (ii)  a person or organization to whom the home may be conveyed  
24 by the registrant for a purpose other than residential occupation by that person or  
25 organization.

26            [(m)] (P)    “Principal” means:

27                    (1)    a sole proprietor, officer, director, general partner, or limited  
28 liability company manager of an applicant or registrant;

29                    (2)    a person with at least 10 percent ownership in an applicant or  
30 registrant or a subsidiary of an applicant or registrant; and

1 (3) parents, spouses, and children with a combined 10 percent  
2 ownership in an applicant or registrant or a subsidiary of an applicant or registrant.

3 (Q) **“REGISTERED SALES REPRESENTATIVE” MEANS A PERSON**  
4 **REGISTERED TO BE A HOME BUILDER SALES REPRESENTATIVE UNDER THIS**  
5 **TITLE.**

6 [(n)] (R) “Registrant” means a person registered to build new homes.

7 (S) **“REGISTRATION CERTIFICATE” MEANS A CERTIFICATE ISSUED TO A**  
8 **REGISTERED SALES REPRESENTATIVE BY THE UNIT.**

9 [(o)] (T) “Registration Fund” means the Home Builder Registration Fund.

10 4.5–201.

11 There is a Home Builder **AND HOME BUILDER SALES REPRESENTATIVE**  
12 Registration Unit in the Division.

13 4.5–202.

14 (a) The Unit shall maintain a list of all registrants **AND REGISTERED**  
15 **SALES REPRESENTATIVES.**

16 (b) (1) The Unit shall make available to each applicant for registration **AS**  
17 **A HOME BUILDER OR HOME BUILDER SALES REPRESENTATIVE** a copy of this title  
18 and other applicable laws and regulations.

19 (2) The Unit shall make available to each registrant **AND EACH**  
20 **REGISTERED SALES REPRESENTATIVE** any amendments to this title or other  
21 applicable laws or regulations at least 30 days before the effective date of the  
22 amendments.

23 (c) (1) In consultation with the home building industry, the Unit shall  
24 develop a consumer information pamphlet written in plain English that describes:

25 (i) the rights and remedies of consumers in the purchase of a  
26 new home; and

27 (ii) any other information that the Division considers reasonably  
28 necessary to assist consumers.

29 (2) The Division shall provide each registered home builder with a  
30 sufficient number of copies of the consumer information pamphlets as needed by the  
31 home builder.

1 (3) A home builder shall provide each contract purchaser with the  
2 consumer information pamphlet before entering into a contract for the initial sale of a  
3 new home.

4 (4) The contract purchaser shall acknowledge in writing the receipt of  
5 the consumer information pamphlet.

6 (5) The failure of a home builder to provide a copy of the consumer  
7 protection pamphlet to a contract purchaser may not be used as a basis for  
8 invalidation of the contract for the initial sale of a new home.

9 (d) The Unit shall collect and maintain information on the resolution of  
10 consumer complaints involving new home builders **OR HOME BUILDER SALES**  
11 **REPRESENTATIVES.**

12 4.5–203.

13 (a) (1) There is a Home Builder Registration Fund.

14 (2) The Division shall administer the Registration Fund.

15 (3) The Registration Fund shall be used to cover the actual  
16 documented direct and indirect costs incurred for the administration and enforcement  
17 of the Maryland Home Builder Registration Act.

18 (4) The Registration Fund is a continuing, nonlapsing fund, and is  
19 subject to § 7–302 of the State Finance and Procurement Article.

20 (5) Unspent assets of the Registration Fund shall remain in the  
21 Registration Fund and may not revert or be transferred to the General Fund of the  
22 State.

23 (6) The Registration Fund may not be supported by appropriations of  
24 State funds.

25 (b) The Division shall pay all funds collected under §§ 4.5–303, 4.5–304, and  
26 4.5–305 of this title to the Comptroller, who shall distribute the fees to the  
27 Registration Fund.

28 (c) The Office of Legislative Audits shall audit the accounts and transactions  
29 of the Registration Fund under § 2–1220 of the State Government Article.

30 4.5–301.

31 (A) Except as otherwise provided in this title, a person may not act as a home  
32 builder in the State unless the person is registered as a home builder under this title.



1           **(B) A PERSON MAY NOT ACT AS A HOME BUILDER SALES**  
2 **REPRESENTATIVE IN THE STATE UNLESS THE PERSON IS A REGISTERED SALES**  
3 **REPRESENTATIVE UNDER THIS TITLE.**

4 4.5–302.

5           (a) Each person that constructs new homes for sale to the public shall  
6 maintain general liability insurance for at least \$100,000.

7           (b) If a home builder's registration has been revoked and the home builder  
8 applies for a new registration, the Unit shall, in its discretion, approve the application  
9 on the applicant's fulfillment of specified terms and conditions, including the posting  
10 of a bond for the benefit of subcontractors, suppliers, and consumers, and the payment  
11 of any judgments or awards due to any subcontractors, suppliers, and consumers, for a  
12 period of 4 years from the date of the approval of registration, after which the  
13 licensing bond shall expire and shall no longer be required to be maintained by the  
14 registered home builder.

15 4.5–303.

16           (a) To apply for registration **AS A HOME BUILDER OR A HOME BUILDER**  
17 **SALES REPRESENTATIVE**, an applicant shall:

18                   (1) submit to the Unit under oath an application on the form provided  
19 by the Unit; and

20                   (2) pay the nonrefundable application fee required by this subtitle.

21           (b) The application **FOR REGISTRATION AS A HOME BUILDER** shall require  
22 an applicant to provide:

23                   (1) the applicant's name;

24                   (2) the applicant's business address, telephone number, and, if  
25 applicable, electronic mail address;

26                   (3) in the case of an applicant who is an individual, the applicant's  
27 Social Security number;

28                   (4) in the case of an applicant other than an individual:

29                           (i) the applicant's federal employer identification number; and

30                           (ii) the names and addresses of all principals of the applicant;

31                   (5) the names of all applicants and principals who have previously  
32 applied for registration, and the disposition of all previous applications;

1 (6) the name of any applicant or principal that was a principal in an  
2 entity that previously applied for registration;

3 (7) a list of all states and other jurisdictions in which the applicant  
4 holds a similar registration or license;

5 (8) a list of all states and other jurisdictions in which the applicant  
6 has had a similar registration or license suspended or revoked;

7 (9) a statement whether any pending judgments or tax liens exist  
8 against the applicant;

9 (10) (i) the election made by the applicant regarding deposit moneys  
10 under § 10–301 of the Real Property Article; and

11 (ii) if the applicant elects to hold deposits in an escrow account,  
12 the account number and the name of the financial institution that holds the escrow  
13 account;

14 (11) if the applicant participates in a new home warranty security plan,  
15 the name and address of the warranty company; and

16 (12) the name of the insurance carrier and the policy number of the  
17 general liability coverage required under § 4.5–302 of this subtitle.

18 **(C) THE APPLICATION FOR REGISTRATION AS A HOME BUILDER SALES**  
19 **REPRESENTATIVE SHALL REQUIRE AN APPLICANT TO PROVIDE:**

20 **(1) THE APPLICANT’S NAME;**

21 **(2) THE APPLICANT’S BUSINESS ADDRESS, TELEPHONE NUMBER,**  
22 **AND, IF APPLICABLE, ELECTRONIC MAIL ADDRESS;**

23 **(3) THE APPLICANT’S SOCIAL SECURITY NUMBER;**

24 **(4) A LIST OF ALL STATES AND OTHER JURISDICTIONS IN WHICH**  
25 **THE APPLICANT HOLDS A SIMILAR REGISTRATION OR LICENSE;**

26 **(5) A LIST OF ALL STATES AND OTHER JURISDICTIONS IN WHICH**  
27 **THE APPLICANT HAS HAD A SIMILAR REGISTRATION OR LICENSE SUSPENDED**  
28 **OR REVOKED;**

29 **(6) THE APPLICANT’S EMPLOYER’S BUSINESS NAME, ADDRESS,**  
30 **TELEPHONE NUMBER, AND REGISTRATION NUMBER OR IF THE EMPLOYER IS**  
31 **EXEMPT FROM REGISTRATION UNDER THIS TITLE, DOCUMENTATION THAT THE**

1 **EMPLOYER ERECTS OR CONSTRUCTS HOMES SOLELY IN MONTGOMERY**  
2 **COUNTY; AND**

3 **(7) A STATEMENT WHETHER ANY PENDING JUDGMENTS OR TAX**  
4 **LIENS EXIST AGAINST THE APPLICANT.**

5 4.5–304.

6 (a) The Unit shall register and issue a home builder registration number to  
7 an applicant **FOR A HOME BUILDER REGISTRATION** that:

8 (1) meets the requirements of this title; and

9 (2) pays to the Division an initial nonrefundable 2–year registration  
10 fee of [~~\$300~~] **\$600**.

11 (b) A **HOME BUILDER** registration issued under this title may not be  
12 transferred, assigned, or pledged.

13 (c) A valid **HOME BUILDER** registration authorizes the registrant to act as a  
14 home builder in the State.

15 (d) **(1)** A home builder that holds a license or registration in Montgomery  
16 County may act as a home builder in that county only, unless the home builder is also  
17 registered under this title.

18 **(2) A HOME BUILDER THAT HOLDS A LICENSE OR REGISTRATION**  
19 **IN MONTGOMERY COUNTY AND IS NOT REGISTERED UNDER THIS TITLE IS**  
20 **SUBJECT TO SUBTITLE 7 OF THIS TITLE.**

21 **(3) (I) IN ADDITION TO THE COUNTY LICENSE OR**  
22 **REGISTRATION FEE, A HOME BUILDER THAT IS REQUIRED TO HOLD A LICENSE**  
23 **OR REGISTRATION ONLY IN MONTGOMERY COUNTY SHALL PAY TO THE COUNTY**  
24 **A GUARANTY FUND ADMINISTRATIVE FEE OF \$150.**

25 **(II) THE COUNTY SHALL REMIT THE GUARANTY FUND**  
26 **ADMINISTRATIVE FEE TO THE UNIT TO BE DEPOSITED IN THE REGISTRATION**  
27 **FUND.**

28 **4.5–304.1.**

29 **(A) THE UNIT SHALL REGISTER AND ISSUE A REGISTRATION**  
30 **CERTIFICATE TO AN APPLICANT FOR A HOME BUILDER SALES REPRESENTATIVE**  
31 **REGISTRATION CERTIFICATE THAT:**

1           (1)    **MEETS THE REQUIREMENTS OF THIS TITLE; AND**

2           (2)    **PAYS TO THE DIVISION AN INITIAL NONREFUNDABLE 2-YEAR**  
3 **REGISTRATION FEE OF \$200.**

4           **(B) A UNIT SHALL INCLUDE ON EACH REGISTRATION CERTIFICATE**  
5 **THAT THE UNIT ISSUES:**

6           (1)    **THAT THIS IS A REGISTRATION CERTIFICATE FOR A**  
7 **REGISTERED SALES REPRESENTATIVE;**

8           (2)    **THE FULL NAME OF THE CERTIFICATE HOLDER;**

9           (3)    **THE CERTIFICATE HOLDER'S EMPLOYER'S REGISTRATION**  
10 **NUMBER OR THE NAME OF THE LICENSED OR REGISTERED MONTGOMERY**  
11 **COUNTY HOME BUILDER; AND**

12           (4)    **THE CERTIFICATE HOLDER'S REGISTRATION NUMBER.**

13           **(C) A REGISTRATION CERTIFICATE ISSUED UNDER THIS TITLE MAY NOT**  
14 **BE TRANSFERRED, ASSIGNED, OR PLEDGED.**

15           **(D) A VALID REGISTRATION CERTIFICATE AUTHORIZES THE**  
16 **CERTIFICATE HOLDER TO ACT AS A HOME BUILDER SALES REPRESENTATIVE IN**  
17 **THE STATE.**

18           **(E) THE UNIT MAY ISSUE A REGISTRATION CERTIFICATE TO REPLACE A**  
19 **LOST, DESTROYED, OR MUTILATED REGISTRATION CERTIFICATE IF THE**  
20 **CERTIFICATE HOLDER PAYS THE REGISTRATION CERTIFICATE REPLACEMENT**  
21 **FEE SET BY THE UNIT.**

22 4.5-305.

23           (a) (1) Unless renewed under this section, a registration **OR**  
24 **REGISTRATION CERTIFICATE** expires on the second anniversary of its effective date.

25           (2) A registrant **OR REGISTERED SALES REPRESENTATIVE** that  
26 meets the requirements of subsection (c) of this section may obtain a renewal of a  
27 registration **OR REGISTRATION CERTIFICATE** before the registration **OR**  
28 **REGISTRATION CERTIFICATE** expires for an additional 2-year term.

29           (3) Once expired, a registration **OR A REGISTRATION CERTIFICATE**  
30 may not be renewed.

1 (b) At least 60 days before a registration **OR REGISTRATION CERTIFICATE**  
2 expires, the Unit shall mail the registrant **OR REGISTERED SALES**  
3 **REPRESENTATIVE**, at the last known address of the registrant **OR REGISTERED**  
4 **SALES REPRESENTATIVE**:

5 (1) a renewal application form; and

6 (2) a notice that states:

7 (i) the date on which the current registration **OR**  
8 **REGISTRATION CERTIFICATE** expires; and

9 (ii) the date by which the Unit must receive the renewal  
10 application for a renewal to be issued and mailed before the registration **OR**  
11 **REGISTRATION CERTIFICATE** expires.

12 (c) The Unit shall renew the registration **OR REGISTRATION CERTIFICATE**  
13 of each registrant **OR REGISTERED SALES REPRESENTATIVE** that:

14 (1) submits to the Unit a renewal application on the form provided by  
15 the Unit;

16 (2) would qualify for an initial registration **OR INITIAL**  
17 **REGISTRATION CERTIFICATE**;

18 (3) **(I) FOR RENEWAL OF A REGISTRATION**, pays to the Division a  
19 nonrefundable renewal fee based on the number of building permits for the  
20 construction of new homes issued to the registrant in the preceding calendar year as  
21 follows:

22 [(i)] **1.** 10 or fewer new homes..... [\$150] **\$300**; and

23 [(ii)] **2.** 11 or more new homes.....[\$300] **\$600**; [and] **OR**

24 **(II) FOR RENEWAL OF A REGISTRATION CERTIFICATE, PAYS**  
25 **TO THE DIVISION A NONREFUNDABLE RENEWAL FEE OF \$200; AND**

26 (4) is otherwise entitled to be registered.

27 4.5-306.

28 (a) **(1)** A registrant shall [provide] **SEND** the Unit written notice of any  
29 change in the information submitted under § 4.5-303(b) of this subtitle within 10  
30 working days after the change is effective.

1           **(2) A REGISTERED SALES REPRESENTATIVE SHALL SEND THE**  
2 **UNIT WRITTEN NOTICE OF ANY CHANGE IN THE INFORMATION SUBMITTED**  
3 **UNDER § 4.5-303(C) OF THIS SUBTITLE WITHIN 10 WORKING DAYS AFTER THE**  
4 **CHANGE IS EFFECTIVE.**

5           (b) A registrant **AND A REGISTERED SALES REPRESENTATIVE** shall  
6 comply with subsection (a) of this section for 1 year after the registrant ceases to be  
7 registered.

8 4.5-307.

9           (a) **(1)** Each registrant shall display its home builder registration number  
10 conspicuously on all properties at which the registrant is performing work that  
11 requires registration under this title.

12           **[(b)] (2)** If a registrant is building multiple homes in one project area or  
13 subdivision, the registrant may post its home builder registration number in one  
14 central conspicuous location in the project area or subdivision.

15           **(B) EACH REGISTERED SALES REPRESENTATIVE SHALL DISPLAY THE**  
16 **REGISTRATION CERTIFICATE CONSPICUOUSLY AT THE PROPERTY AT WHICH**  
17 **THE REGISTERED SALES REPRESENTATIVE PRIMARILY PERFORMS WORK THAT**  
18 **REQUIRES REGISTRATION UNDER THIS TITLE.**

19 4.5-308.

20           (a) The Unit may deny registration **OR A REGISTRATION CERTIFICATE** to  
21 an applicant, reprimand a registrant **OR REGISTERED SALES REPRESENTATIVE**,  
22 suspend or revoke a registration **OR A REGISTRATION CERTIFICATE**, or impose a  
23 civil penalty on a registrant **OR REGISTERED SALES REPRESENTATIVE** if the Unit  
24 determines that the applicant [or], registrant, **OR REGISTERED SALES**  
25 **REPRESENTATIVE:**

26           (1) fraudulently or deceptively obtained or attempted to obtain a  
27 registration **OR REGISTRATION CERTIFICATE;**

28           (2) fraudulently or deceptively used a registration **OR REGISTRATION**  
29 **CERTIFICATE;**

30           (3) presented or attempted to present the home builder registration  
31 number of another registrant as the applicant's or registrant's home builder  
32 registration number;

33           (4) used or attempted to use an expired, suspended, or revoked home  
34 builder registration number **OR REGISTRATION CERTIFICATE;**

1           **(5) PRESENTED OR ATTEMPTED TO PRESENT THE REGISTRATION**  
2 **CERTIFICATE OF ANOTHER REGISTERED SALES REPRESENTATIVE AS THE**  
3 **APPLICANT'S OR REGISTERED SALES REPRESENTATIVE'S REGISTRATION**  
4 **CERTIFICATE;**

5           **[(5)] (6)** impersonated or falsely represented oneself as a registered  
6 home builder **OR REGISTERED SALES REPRESENTATIVE;**

7           **[(6)] (7)** repeatedly violated this title;

8           **[(7)] (8)** engaged in a pattern of unfair or deceptive trade practices  
9 under the Consumer Protection Act, as determined by a final administrative order or  
10 judicial decision;

11           **[(8)] (9)** repeatedly violated a local building, development, or zoning  
12 permit law or regulations, or a State or federal law or regulation, including an  
13 environmental protection law or regulation, that relates to the fitness and  
14 qualification or ability of the applicant or registrant to build homes;

15           **[(9)] (10)** engaged in a pattern of poor workmanship as evidenced by  
16 one or more of the following:

17                   (i) repeated unresolved building code violations;

18                   (ii) repeated unsatisfied arbitration awards in favor of  
19 consumers against the applicant or registered home builder based on incomplete or  
20 substandard work; or

21                   (iii) an unsatisfied final judgment in favor of a consumer;

22           **[(10)] (11)** repeatedly engaged in fraud, deception, misrepresentation,  
23 or knowing omissions of material facts related to home building contracts;

24           **[(11)] (12)** had a similar registration, **REGISTRATION CERTIFICATE,**  
25 or license denied, suspended, or revoked in another state or jurisdiction; or

26           **[(12)] (13)** had the renewal of a similar registration, **REGISTRATION**  
27 **CERTIFICATE,** or license denied for any cause other than failure to pay a renewal fee.

28           (b) (1) The Unit may deny a registration to a nonpublicly traded applicant  
29 or suspend or revoke a registration of a nonpublicly traded registrant if a principal of  
30 the applicant or registrant, other than a financial institution or a nonprofit  
31 organization, that owns at least 10 percent of the applicant or registrant, was a  
32 principal of a home builder that had a similar registration or license denied,  
33 suspended, or revoked by the Unit or in another state or jurisdiction for any cause  
34 other than a failure to pay a renewal fee if the Unit determines that the interests of

1 the public cannot be protected if the applicant or registrant is allowed to act as a home  
2 builder in the State.

3 (2) For the purposes of this subsection, the interests of a principal  
4 include interests held by the parents, spouse, or children of the principal.

5 (c) The Unit shall provide an applicant [or], registrant, **OR REGISTERED**  
6 **SALES REPRESENTATIVE** notice and an opportunity to request a hearing under Title  
7 10, Subtitle 2 of the State Government Article to contest a proposed disciplinary  
8 action.

9 4.5–501.

10 (a) Except as otherwise provided in this title, a person may not act as, offer  
11 to act as, hold oneself out as, or impersonate a registrant **OR REGISTERED SALES**  
12 **REPRESENTATIVE** in the State unless the person is a registrant **OR REGISTERED**  
13 **SALES REPRESENTATIVE**.

14 (b) A person that violates this section is guilty of a misdemeanor and, on first  
15 conviction, is subject to a fine not exceeding \$1,000 and on second or subsequent  
16 conviction, is subject to a fine not exceeding \$5,000.

17 (c) The following lenders are exempt from the requirements relating to  
18 registration under this title when the lender hires a second registered home builder  
19 who would undertake to complete a first home builder's unfinished project pursuant to  
20 a default in obligations of the first home builder to the lender:

21 (1) a mortgage lender as defined in § 11–501(i)(1)(ii) of the Financial  
22 Institutions Article that is a licensee under Title 11, Subtitle 5 of the Financial  
23 Institutions Article;

24 (2) a bank, trust company, savings bank, savings and loan association,  
25 or credit union incorporated or chartered under the laws of this State or the United  
26 States that maintains its principal office in this State;

27 (3) an out-of-state bank as defined in § 5–1001 of the Financial  
28 Institutions Article that has a branch in this State that accepts deposits;

29 (4) an institution incorporated under federal law as a savings  
30 association or savings bank that does not maintain its principal office in this State but  
31 has a branch that accepts deposits in this State; and

32 (5) a subsidiary or affiliate of an institution described in paragraph  
33 (2), (3), or (4) of this subsection that is subject to audit or examination by a regulatory  
34 body or agency of this State, the United States, or the state where the subsidiary or  
35 affiliate maintains its principal office.



1 (d) An exempt lender is subject only to §§ 4.5–202(c), 4.5–401, 4.5–503,  
2 4.5–601, 4.5–602, and 4.5–603 of this title.

3 4.5–601.

4 (a) Except for a building permit for construction to be performed directly by a  
5 landowner solely for the landowner’s own use, the building and permits department of  
6 a county may not issue a permit for home building unless:

7 (1) the permit includes the home builder registration number of a  
8 registrant; AND

9 (2) **THE PERSON PAYS THE GUARANTY FUND FEE REQUIRED**  
10 **UNDER § 4.5–704 OF THIS TITLE.**

11 (b) Before issuing a permit for home building to a landowner, the building  
12 and permits department of a county shall obtain the signature of the landowner  
13 affirming that the permit is being issued solely for the purpose of the landowner  
14 performing work on the landowner’s own property.

15 (c) Nothing in this section shall be construed to relieve a registrant from the  
16 obligation to obtain all other permits, licenses, and other authorizations for the  
17 construction of a new home.

## 18 **SUBTITLE 7. HOME BUILDER GUARANTY FUND.**

19 **4.5–701.**

20 **IN THIS SUBTITLE, “ACTUAL LOSS” MEANS:**

21 (1) **THE COSTS OF RESTORATION, REPAIR, REPLACEMENT, OR**  
22 **COMPLETION THAT ARISES FROM:**

23 (I) **THE INCOMPLETE CONSTRUCTION OF A NEW HOME; OR**

24 (II) **THE FAILURE TO MEET STANDARDS OR GUIDELINES**  
25 **REQUIRED IN § 14–117 OF THE REAL PROPERTY ARTICLE; OR**

26 (2) **DEPOSITS OR OTHER PAYMENTS MADE TO A HOME BUILDER**  
27 **REQUIRED TO BE HELD IN AN ESCROW ACCOUNT OR PROTECTED BY A SURETY**  
28 **BOND OR IRREVOCABLE LETTER OF CREDIT UNDER § 10–301 OR § 10–504 OF**  
29 **THE REAL PROPERTY ARTICLE, THAT ARE NOT RETURNED TO A CONSUMER**  
30 **WHO IS ENTITLED TO A RETURN OF THE DEPOSIT OR OTHER PAYMENTS.**

31 **4.5–702.**

1           **THIS SUBTITLE DOES NOT:**

2                   (1)   **LIMIT THE AUTHORITY OF THE DIVISION TO TAKE**  
3 **DISCIPLINARY ACTION AGAINST A REGISTRANT UNDER THIS SUBTITLE;**

4                   (2)   **LIMIT THE AVAILABILITY OF OTHER REMEDIES TO A**  
5 **CLAIMANT; OR**

6                   (3)   **REQUIRE A CLAIMANT TO EXHAUST ADMINISTRATIVE**  
7 **REMEDIES BEFORE THE DIVISION BEFORE BRINGING AN ACTION TO COURT.**

8   **4.5-703.**

9           **(A)   THE DIVISION SHALL:**

10                   (1)   **ESTABLISH A HOME BUILDER GUARANTY FUND; AND**

11                   (2)   **MAINTAIN THE GUARANTY FUND AT A LEVEL OF AT LEAST**  
12 **\$1,000,000.**

13                   **(B)   (1)   THE DIVISION SHALL DEPOSIT ALL MONEY COLLECTED**  
14 **UNDER § 4.5-704 OF THIS SUBTITLE IN THE GUARANTY FUND.**

15                           (2)   **(I)   THE STATE TREASURER IS THE CUSTODIAN OF THE**  
16 **GUARANTY FUND.**

17                                   **(II)   THE GUARANTY FUND SHALL BE INVESTED AND**  
18 **REINVESTED IN THE SAME MANNER AS OTHER STATE FUNDS.**

19   **(III)   THE STATE TREASURER SHALL DEPOSIT PAYMENTS**  
20 **RECEIVED FROM THE DIVISION UNDER THIS SECTION INTO THE GUARANTY**  
21 **FUND.**

22   **(IV)   INVESTMENT EARNINGS SHALL BE CREDITED TO THE**  
23 **GUARANTY FUND.**

24                   **(C)   THE DIVISION SHALL ADMINISTER THE GUARANTY FUND IN**  
25 **ACCORDANCE WITH THIS SUBTITLE.**

26                   **(D)   THE DIRECT AND INDIRECT COSTS INCURRED FOR THE**  
27 **ADMINISTRATION OF AND ENFORCEMENT RELATED TO THE GUARANTY FUND**  
28 **SHALL BE PAID FROM THE REGISTRATION FUND ESTABLISHED UNDER §**  
29 **4.5-203 OF THIS TITLE.**

1           **(E) THE OFFICE OF LEGISLATIVE AUDITS SHALL AUDIT THE ACCOUNTS**  
2 **AND TRANSACTIONS OF THE GUARANTY FUND UNDER § 2-1220 OF THE STATE**  
3 **GOVERNMENT ARTICLE.**

4 **4.5-704.**

5           **(A) (1) SUBJECT TO THE PROVISIONS OF SUBSECTION (C) OF THIS**  
6 **SECTION, A HOME BUILDER SHALL PAY TO THE BUILDING AND PERMITS**  
7 **DEPARTMENT OF A COUNTY A GUARANTY FUND FEE AS SET BY THE DIVISION**  
8 **UNDER SUBSECTION (C) OF THIS SECTION WITH EACH APPLICATION FOR A**  
9 **PERMIT FOR CONSTRUCTION OF A NEW HOME.**

10           **(2) THE HOME BUILDER MAY COLLECT THE GUARANTY FUND**  
11 **FEE FROM THE CONSUMER.**

12           **(3) EACH MONTH, THE BUILDING AND PERMITS DEPARTMENT OF**  
13 **A COUNTY SHALL REMIT ALL THE GUARANTY FUND FEES TO THE DIVISION TO**  
14 **BE DEPOSITED IN THE GUARANTY FUND.**

15           **(4) THE GUARANTY FUND FEE MAY BE DEPOSITED ONLY IN THE**  
16 **GUARANTY FUND.**

17           **(B) IF A REGISTRANT FAILS TO PAY THE GUARANTY FUND FEE, THE**  
18 **REGISTRANT'S HOME BUILDER REGISTRATION IS SUSPENDED UNTIL THE FEE IS**  
19 **PAID.**

20           **(C) THE DIVISION SHALL SET THE AMOUNT OF THE GUARANTY FUND**  
21 **FEE REQUIRED UNDER SUBSECTION (A) OF THIS SECTION SO AS TO NOT EXCEED**  
22 **\$50 AND TO MAINTAIN THE GUARANTY FUND LEVEL REQUIRED UNDER §**  
23 **4.5-703(A) OF THIS SUBTITLE.**

24 **4.5-705.**

25           **(A) SUBJECT TO THIS SUBTITLE A CLAIMANT MAY RECOVER**  
26 **COMPENSATION FROM THE GUARANTY FUND FOR AN ACTUAL LOSS THAT**  
27 **RESULTS FROM AN ACT OR OMISSION BY A REGISTRANT AS FOUND BY THE**  
28 **DIVISION OR A COURT OF COMPETENT JURISDICTION.**

29           **(B) BEFORE SUBMITTING A CLAIM TO THE GUARANTY FUND, A**  
30 **CONSUMER SHALL:**

1           **(1) SEND A REGISTRANT A WRITTEN NOTICE DESCRIBING THE**  
2 **ALLEGED DEFECT OR OTHER CLAIM FOR WHICH THE CONSUMER INTENDS TO**  
3 **SEEK RECOVERY; AND**

4           **(2) PERMIT THE REGISTRANT ACCESS, DURING REGULAR**  
5 **BUSINESS HOURS, TO THE CONSUMER'S PROPERTY TO INSPECT, DETERMINE**  
6 **THE CAUSE OF, AND REMEDY THE ALLEGED DEFECT OR OTHER CLAIM WITHIN A**  
7 **REASONABLE PERIOD OF TIME.**

8           **(C) (1) (I) IF A CONSUMER HAS A NEW HOME WARRANTY SECURITY**  
9 **PLAN, THE CONSUMER MAY ALSO SEEK RECOVERY FROM THE GUARANTY FUND**  
10 **IF THE CONSUMER HAS FIRST:**

11                           **1. FILED A CLAIM WITH THE NEW HOME WARRANTY**  
12 **SECURITY PLAN; AND**

13                           **2. EXHAUSTED THE PLAN'S CLAIM PROCESS.**

14                           **(II) A CONSUMER SEEKING RECOVERY UNDER**  
15 **SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY NOT RECEIVE MORE THAN ONE**  
16 **RECOVERY FOR THE SAME ACTUAL LOSS.**

17           **(2) A CLAIMANT WHO HAS ALSO FILED A CLAIM WITH A NEW**  
18 **HOME WARRANTY SECURITY PLAN SHALL INCLUDE WITH THE CLAIM AGAINST**  
19 **THE GUARANTY FUND:**

20                           **(I) A COPY OR DESCRIPTION OF THE CLAIM FILED WITH**  
21 **THE NEW HOME WARRANTY SECURITY PLAN;**

22                           **(II) ANY DOCUMENTS SUBMITTED BY THE CLAIMANT IN**  
23 **SUPPORT OF THE WARRANTY CLAIM, INCLUDING ENGINEERING OR INSPECTION**  
24 **REPORTS;**

25                           **(III) ANY DOCUMENTS SUBMITTED ON BEHALF OF THE HOME**  
26 **BUILDER OR WARRANTY PLAN IN CONNECTION WITH THE WARRANTY CLAIM,**  
27 **INCLUDING ENGINEERING OR INSPECTION REPORTS;**

28                           **(IV) DISCLOSURE OF ANY RECOVERIES RECEIVED IN**  
29 **CONNECTION WITH THE WARRANTY CLAIM; AND**

30                           **(V) IF ALL OR PART OF THE WARRANTY CLAIM WAS DENIED,**  
31 **A COPY OF THE DENIAL.**

1           (D) (1) THE DIVISION MAY DENY A CLAIM IF THE DIVISION FINDS  
2 THAT THE CLAIMANT UNREASONABLY REJECTED GOOD FAITH EFFORTS BY THE  
3 REGISTRANT TO RESOLVE THE CLAIM.

4           (2) IN DETERMINING WHETHER A CLAIM SHOULD BE DENIED  
5 UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE DIVISION SHALL CONSIDER  
6 WHETHER THE CLAIMANT PROVIDED THE REGISTRANT WITH NOTICE AND A  
7 REASONABLE OPPORTUNITY TO ACCESS AND INSPECT AND REPAIR THE  
8 CLAIMED DEFECT AS REQUIRED UNDER SUBSECTION (B) OF THIS SECTION.

9           (E) THE DIVISION MAY NOT AWARD FROM THE GUARANTY FUND:

10           (1) MORE THAN \$50,000 TO ONE CLAIMANT FOR ACTS OR  
11 OMISSIONS OF ONE REGISTRANT;

12           (2) MORE THAN \$300,000 TO ALL CLAIMANTS FOR ACTS OR  
13 OMISSIONS OF ONE REGISTRANT UNLESS, AFTER THE DIVISION HAS PAID OUT  
14 \$300,000 ON ACCOUNT OF ACTS OR OMISSIONS OF THE REGISTRANT, THE  
15 REGISTRANT REIMBURSES \$300,000 TO THE GUARANTY FUND; OR

16           (3) AN AMOUNT FOR ATTORNEY'S FEES, CONSEQUENTIAL  
17 DAMAGES, COURT COSTS, INTEREST, PERSONAL INJURY DAMAGES, OR PUNITIVE  
18 DAMAGES.

19           (F) A CLAIM AGAINST THE GUARANTY FUND BASED ON THE ACT OR  
20 OMISSION OF A PARTICULAR REGISTRANT MAY NOT BE MADE BY:

21           (1) A SPOUSE OR OTHER IMMEDIATE RELATIVE OF THE  
22 REGISTRANT;

23           (2) AN EMPLOYEE OR PRINCIPAL OF THE REGISTRANT; OR

24           (3) AN IMMEDIATE RELATIVE OF AN EMPLOYEE OR PRINCIPAL OF  
25 THE REGISTRANT.

26           (G) A CLAIMANT MAY BRING A CLAIM AGAINST THE GUARANTY FUND  
27 WITHIN 2 YEARS AFTER THE CLAIMANT DISCOVERED OR, SHOULD HAVE  
28 DISCOVERED THE LOSS OR DAMAGE OR WITHIN 2 YEARS AFTER THE  
29 EXPIRATION OF THE WARRANTY, WHICHEVER OCCURS FIRST.

30   **4.5-706.**

1           (A) TO BEGIN A PROCEEDING TO RECOVER FROM THE GUARANTY  
2 FUND, A CLAIMANT SHALL SUBMIT TO THE DIVISION'S MEDIATION UNIT A  
3 WRITTEN COMPLAINT THAT STATES:

4           (1) THE AMOUNT CLAIMED BASED ON THE ACTUAL LOSS;

5           (2) THE FACTS GIVING RISE TO THE CLAIM;

6           (3) THAT THERE IS OTHER EVIDENCE THAT SUPPORTS THE  
7 CLAIM, INCLUDING EXPERT REPORTS, PHOTOGRAPHS, OR VIDEOTAPES AND  
8 THAT THE EVIDENCE IS INCLUDED WITH THE COMPLAINT;

9           (4) WHAT DOCUMENTS ARE RELATED TO THE CLAIM AND THAT  
10 COPIES OF THE DOCUMENTS ARE ATTACHED, INCLUDING THE CONTRACT OF  
11 SALE; AND

12           (5) ANY OTHER INFORMATION THAT THE DIVISION REQUIRES.

13           (B) THE DIVISION'S MEDIATION UNIT SHALL:

14           (1) SEND A COPY OF THE COMPLAINT TO THE REGISTRANT  
15 ALLEGED TO BE RESPONSIBLE FOR THE ACTUAL LOSS;

16           (2) REQUIRE A WRITTEN RESPONSE TO THE COMPLAINT WITHIN  
17 30 DAYS THAT INCLUDES:

18                   (I) ANY EVIDENCE THE REGISTRANT HAS CONCERNING THE  
19 CLAIM, INCLUDING EXPERT REPORTS, PHOTOGRAPHS, OR VIDEOTAPES; AND

20                   (II) ANY OTHER INFORMATION THAT THE DIVISION  
21 REQUIRES;

22           (3) ATTEMPT TO RESOLVE THE COMPLAINT THROUGH MEDIATION  
23 IN ACCORDANCE WITH THE PROVISIONS OF § 4.5-401 OF THIS TITLE; AND

24           (4) REFER THE COMPLAINT TO THE DIVISION AS A CLAIM  
25 AGAINST THE GUARANTY FUND IF:

26                   (I) 1. THE HOME BUILDER FAILS TO RESPOND AS  
27 REQUIRED BY THIS SECTION;

28                           2. THE MEDIATION UNIT CONCLUDES THAT THE  
29 COMPLAINT CANNOT BE RESOLVED THROUGH MEDIATION; OR

1                   **3. IN MEDIATION, THE PARTIES DO NOT MUTUALLY**  
2 **AGREE TO AN ARBITRATOR; AND**

3                   **(II) THE CLAIMANT EXECUTES A CLAIM FORM PREPARED BY**  
4 **THE DIVISION STATING UNDER OATH THAT THE CLAIMANT WISHES TO SEEK**  
5 **RECOVERY FROM THE GUARANTY FUND.**

6                   **(C) (1) IF A CLAIMANT'S NEW HOME CONTRACT INCLUDES A WRITTEN**  
7 **AGREEMENT WITH A REGISTRANT TO SUBMIT A DISPUTE TO ARBITRATION AND**  
8 **THE AGREEMENT AUTHORIZES THE REGISTRANT TO SELECT THE ARBITRATOR**  
9 **OR THE ARBITRATION SERVICE, THE CLAIMANT MAY ELECT WHETHER TO FIRST**  
10 **SEEK RECOVERY FROM THE GUARANTY FUND OR SUBMIT THE DISPUTE TO**  
11 **ARBITRATION.**

12                   **(2) IF THE CLAIMANT AND THE REGISTRANT SUBMIT THE**  
13 **DISPUTE TO ARBITRATION UNDER THE WRITTEN AGREEMENT IN THE CONTRACT**  
14 **AND THE ARBITRATOR MAKES A FINAL JUDGMENT OR FINAL AWARD IN FAVOR**  
15 **OF THE CLAIMANT:**

16                   **(I) THE CLAIMANT MAY MAKE A CLAIM AGAINST THE**  
17 **GUARANTY FUND; BUT**

18                   **(II) IF THE REGISTRANT PAYS THE AWARD AMOUNT TO THE**  
19 **CLAIMANT WITHIN 90 DAYS OF THE FINAL AWARD, THE DIVISION SHALL**  
20 **DISMISS THE CLAIM AGAINST THE GUARANTY FUND.**

21 **4.5-707.**

22                   **(A) THE PROCEDURES FOR NOTICE, HEARINGS, AND JUDICIAL REVIEW**  
23 **THAT APPLY TO PROCEEDINGS UNDER TITLE 3, SUBTITLE 2 OF THE COURTS**  
24 **AND JUDICIAL PROCEEDINGS ARTICLE ALSO APPLY TO PROCEEDINGS TO**  
25 **RECOVER FROM THE GUARANTY FUND.**

26                   **(B) ON RECEIPT OF A CLAIM, THE DIVISION SHALL:**

27                   **(1) SEND A COPY OF THE CLAIM TO THE REGISTRANT ALLEGED TO**  
28 **BE RESPONSIBLE FOR THE ACTUAL LOSS; AND**

29                   **(2) REQUIRE A WRITTEN RESPONSE TO THE CLAIM WITHIN 30**  
30 **DAYS.**

31                   **(C) (1) THE DIVISION:**

1 (I) SHALL REVIEW THE CLAIM AND ANY RESPONSE TO IT;  
2 AND

3 (II) MAY REFER THE CLAIM FOR INVESTIGATION.

4 (2) ON THE BASIS OF ITS REVIEW AND ANY INVESTIGATION, THE  
5 DIVISION MAY:

6 (I) SET THE MATTER FOR A HEARING WITH THE OFFICE OF  
7 ADMINISTRATIVE HEARINGS;

8 (II) DISMISS THE CLAIM, IF THE CLAIM IS FRIVOLOUS,  
9 LEGALLY INSUFFICIENT, OR MADE IN BAD FAITH; OR

10 (III) IF THE TOTAL CLAIM AGAINST A PARTICULAR  
11 REGISTRANT DOES NOT EXCEED \$5,000, ISSUE A PROPOSED ORDER TO PAY ALL  
12 OR PART OF THE CLAIM OR DENY THE CLAIM.

13 (D) (1) THE DIVISION SHALL SEND A PROPOSED ORDER ISSUED  
14 UNDER SUBSECTION (C)(2)(III) OF THIS SECTION TO THE CLAIMANT AND THE  
15 REGISTRANT, AT THE MOST RECENT ADDRESS ON RECORD WITH THE DIVISION,  
16 BY:

17 (I) PERSONAL DELIVERY; OR

18 (II) BOTH REGULAR MAIL AND CERTIFIED MAIL, RETURN  
19 RECEIPT REQUESTED.

20 (2) WITHIN 21 DAYS AFTER SERVICE, RECEIPT, OR ATTEMPTED  
21 DELIVERY OF THE PROPOSED ORDER, THE CLAIMANT OR REGISTRANT MAY  
22 SUBMIT TO THE DIVISION:

23 (I) A WRITTEN REQUEST FOR A HEARING BEFORE THE  
24 DIVISION; OR

25 (II) A WRITTEN EXCEPTION TO THE PROPOSED ORDER.

26 (3) IF THE CLAIMANT OR REGISTRANT SUBMITS A TIMELY  
27 EXCEPTION TO THE PROPOSED ORDER, THE DIVISION MAY:

28 (I) ISSUE A REVISED PROPOSED ORDER;

29 (II) SET A HEARING ON THE CLAIM; OR



1 (III) DISMISS THE CLAIM.

2 (4) UNLESS THE CLAIMANT OR REGISTRANT SUBMITS A TIMELY  
3 REQUEST FOR A HEARING OR TIMELY EXCEPTION, THE PROPOSED ORDER IS  
4 FINAL.

5 (E) AT A HEARING ON A CLAIM, THE CLAIMANT HAS THE BURDEN OF  
6 PROOF.

7 (F) A CLAIMANT AND REGISTRANT MAY PARTICIPATE IN A GUARANTY  
8 FUND PROCEEDING WITHOUT REPRESENTATION BY COUNSEL.

9 4.5-708.

10 (A) (1) THE DIVISION MAY JOIN A PROCEEDING ON A CLAIM AGAINST  
11 THE GUARANTY FUND WITH A DISCIPLINARY PROCEEDING AGAINST A  
12 REGISTRANT UNDER THIS SUBTITLE IF THE DISCIPLINARY HEARING IS BASED  
13 ON THE SAME FACTS ALLEGED IN THE CLAIM.

14 (2) IN A CONSOLIDATED PROCEEDING THE CLAIMANT IS A PARTY,  
15 AND MAY PARTICIPATE IN THE HEARING TO THE EXTENT NECESSARY TO  
16 ESTABLISH THE CLAIM.

17 (B) (1) NOTWITHSTANDING § 4.5-702(2) OF THIS SUBTITLE, A  
18 CLAIMANT MAY NOT CONCURRENTLY SUBMIT A CLAIM TO RECOVER FROM THE  
19 GUARANTY FUND AND BRING AN ACTION IN A COURT OF COMPETENT  
20 JURISDICTION AGAINST A REGISTRANT BASED ON THE SAME FACTS ALLEGED IN  
21 THE CLAIM.

22 (2) IF, AFTER FILING A CLAIM, THE CLAIMANT BRINGS AN ACTION  
23 IN A COURT OF COMPETENT JURISDICTION BASED ON THE SAME FACTS  
24 ALLEGED IN THE PENDING CLAIM, THE DIVISION SHALL STAY ITS PROCEEDINGS  
25 ON THE CLAIM UNTIL THERE IS A FINAL JUDGMENT AND ALL RIGHTS TO APPEAL  
26 ARE EXHAUSTED.

27 (3) TO THE EXTENT THAT A FINAL JUDGMENT OR FINAL AWARD  
28 IN ARBITRATION IS BASED ON THE SAME FACTUAL AND LEGAL ISSUES ALLEGED  
29 IN A PENDING CLAIM, THE DIVISION SHALL:

30 (I) APPROVE THE CLAIM AGAINST THE GUARANTY FUND,  
31 IF THE JUDGMENT OR AWARD IS DECIDED IN FAVOR OF THE CLAIMANT AND THE  
32 REGISTRANT HAS FAILED TO PAY THE JUDGMENT OR AWARD; OR

1                   **(II) DISMISS THE CLAIM AGAINST THE GUARANTY FUND, IF**  
2 **THE JUDGMENT OR AWARD IS DECIDED IN FAVOR OF THE REGISTRANT.**

3 **4.5-709.**

4           **A PARTY TO A PROCEEDING BEFORE THE DIVISION WHO IS AGGRIEVED BY**  
5 **A FINAL DECISION OF THE DIVISION IN A CONTESTED CASE, AS DEFINED IN §**  
6 **10-202 OF THE STATE GOVERNMENT ARTICLE, MAY TAKE AN APPEAL AS**  
7 **ALLOWED IN §§ 10-222 AND 10-223 OF THE STATE GOVERNMENT ARTICLE.**

8 **4.5-710.**

9           **(A) THE DIVISION MAY ORDER PAYMENT OF A CLAIM AGAINST THE**  
10 **GUARANTY FUND ONLY IF:**

11                   **(1) THE DECISION OR ORDER OF THE DIVISION IS FINAL IN**  
12 **ACCORDANCE WITH TITLE 10, SUBTITLE 2 OF THE STATE GOVERNMENT**  
13 **ARTICLE AND ALL RIGHTS OF APPEAL ARE EXHAUSTED; OR**

14                   **(2) THE CLAIMANT PROVIDES THE DIVISION WITH A CERTIFIED**  
15 **COPY OF A FINAL JUDGMENT OF A COURT OF COMPETENT JURISDICTION OR A**  
16 **FINAL AWARD IN ARBITRATION, WITH ALL RIGHTS OF APPEAL EXHAUSTED, IN**  
17 **WHICH THE COURT OR ARBITRATOR:**

18                           **(I) EXPRESSLY MADE FINDINGS OF FACT THAT SUPPORT**  
19 **THE CLAIMANT'S RIGHT TO RECOVER UNDER § 4.5-705(A) OF THIS SUBTITLE;**  
20 **AND**

21                           **(II) HAS FOUND THE VALUE OF THE ACTUAL LOSS.**

22           **(B) (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, THE**  
23 **DIVISION SHALL PAY APPROVED CLAIMS IN THE ORDER SUBMITTED.**

24                   **(2) IF APPROVED CLAIMS SUBMITTED TO THE DIVISION AGAINST**  
25 **A REGISTRANT EXCEED \$300,000, LESS THE AMOUNT OF UNREIMBURSED CLAIM**  
26 **PAYMENTS PREVIOUSLY MADE FOR THE REGISTRANT, THE DIVISION MAY PAY**  
27 **THE APPROVED CLAIMS PROPORTIONATELY SO THAT EACH CLAIMANT**  
28 **RECEIVES THE SAME PERCENTAGE PAYMENT OF THE CLAIMS.**

29                   **(3) AFTER THE GUARANTY FUND IS REIMBURSED, THE DIVISION**  
30 **SHALL PAY UNSATISFIED APPROVED CLAIMS.**

1           **(C) IF THERE IS NOT ENOUGH MONEY IN THE GUARANTY FUND TO PAY**  
2 **AN APPROVED CLAIM WHOLLY OR PARTIALLY, THE DIVISION SHALL PAY THE**  
3 **UNPAID CLAIM:**

4                   **(1) WHEN ENOUGH MONEY IS DEPOSITED IN THE GUARANTY**  
5 **FUND; AND**

6                   **(2) IN THE ORDER THAT EACH CLAIM ORIGINALLY WAS FILED**  
7 **WITH A COURT OF COMPETENT JURISDICTION OR SUBMITTED TO THE DIVISION.**

8 **4.5-711.**

9           **(A) (1) AFTER THE DIVISION PAYS A CLAIM FROM THE GUARANTY**  
10 **FUND:**

11                   **(I) THE DIVISION IS SUBROGATED TO ALL RIGHTS OF THE**  
12 **CLAIMANT IN THE CLAIM UP TO THE AMOUNT PAID;**

13                   **(II) THE CLAIMANT SHALL ASSIGN TO THE DIVISION ALL**  
14 **RIGHTS OF THE CLAIMANT IN THE CLAIM UP TO THE AMOUNT PAID; AND**

15                   **(III) THE DIVISION HAS A RIGHT TO REIMBURSEMENT OF**  
16 **THE GUARANTY FUND BY THE REGISTRANT WHOM THE DIVISION FINDS**  
17 **RESPONSIBLE FOR THE ACT OR OMISSION GIVING RISE TO THE CLAIM FOR:**

18                               **1. THE AMOUNT PAID FROM THE GUARANTY FUND;**  
19 **AND**

20                               **2. INTEREST ON THAT AMOUNT AT A RATE**  
21 **DETERMINED BY THE DIVISION SO AS NOT TO EXCEED THE LEGAL RATE OF**  
22 **INTEREST ON A JUDGMENT IN PLACE AT THE TIME THE CLAIM IS APPROVED.**

23                   **(2) ALL MONEY THAT THE DIVISION RECOVERS ON A CLAIM**  
24 **SHALL BE DEPOSITED IN THE GUARANTY FUND.**

25           **(B) IF, WITHIN 30 DAYS AFTER THE DIVISION GIVES NOTICE, A**  
26 **REGISTRANT ON WHOSE ACCOUNT A CLAIM WAS PAID DOES NOT REIMBURSE**  
27 **THE GUARANTY FUND IN FULL, THE DIVISION MAY SUE THE REGISTRANT IN A**  
28 **COURT OF COMPETENT JURISDICTION FOR THE UNREIMBURSED AMOUNT.**

29           **(C) THE DIVISION IS ENTITLED TO A JUDGMENT FOR THE**  
30 **UNREIMBURSED AMOUNT IF THE DIVISION PROVES THAT:**

1           (1) A CLAIM WAS PAID FROM THE GUARANTY FUND ON ACCOUNT  
2 OF THE REGISTRANT;

3           (2) THE REGISTRANT HAS NOT REIMBURSED THE GUARANTY  
4 FUND IN FULL;

5           (3) THE REGISTRANT WAS GIVEN NOTICE AND AN OPPORTUNITY  
6 TO PARTICIPATE IN A HEARING ON THE CLAIM BEFORE THE DIVISION; AND

7           (4) (I) THE DIVISION DIRECTED PAYMENT BASED ON A FINAL  
8 JUDGMENT OF A COURT OF COMPETENT JURISDICTION OR A FINAL AWARD IN  
9 ARBITRATION; OR

10                       (II) THE DECISION OR ORDER OF THE DIVISION IS FINAL IN  
11 ACCORDANCE WITH TITLE 10, SUBTITLE 2 OF THE STATE GOVERNMENT  
12 ARTICLE AND THERE IS NO PENDING APPEAL.

13           (D) THE DIVISION MAY REFER TO THE CENTRAL COLLECTION UNIT  
14 FOR COLLECTION UNDER §§ 13-912 THROUGH 13-919 OF THE TAX - GENERAL  
15 ARTICLE A DEBT OWED TO THE DIVISION BY A REGISTRANT ON WHOSE  
16 ACCOUNT A CLAIM WAS PAID FROM THE GUARANTY FUND AND WHO IS AT LEAST  
17 12 MONTHS BEHIND IN REIMBURSEMENT PAYMENTS TO THE GUARANTY FUND.

18           (E) FOR THE PURPOSE OF EXCEPTING TO A DISCHARGE OF A  
19 REGISTRANT UNDER FEDERAL BANKRUPTCY LAW, THE DIVISION IS A CREDITOR  
20 OF THE REGISTRANT FOR THE AMOUNT PAID FROM THE GUARANTY FUND.

21           (F) (1) (I) IF A PERSON LIABLE FOR REIMBURSING THE  
22 GUARANTY FUND UNDER THIS SECTION RECEIVES A DEMAND FOR  
23 REIMBURSEMENT AND FAILS TO REIMBURSE THE GUARANTY FUND, THE  
24 REIMBURSEMENT AMOUNT AND ANY ACCRUED INTEREST OR COSTS ARE A LIEN  
25 IN FAVOR OF THE STATE ON ANY REAL PROPERTY OF THE PERSON IF THE LIEN  
26 IS RECORDED AND INDEXED AS PROVIDED IN THIS SUBSECTION.

27                       (II) INTEREST SHALL CONTINUE AT THE RATE OF INTEREST  
28 ON A JUDGMENT AS PROVIDED IN § 11-107(A) OF THE COURTS ARTICLE UNTIL  
29 THE FULL AMOUNT DUE THE GUARANTY FUND IS PAID.

30           (2) THE LIEN IN FAVOR OF THE STATE CREATED BY THIS  
31 SUBSECTION MAY NOT ATTACH TO SPECIFIC PROPERTY UNTIL THE STATE  
32 CENTRAL COLLECTION UNIT RECORDS WRITTEN NOTICE OF THE LIEN IN THE  
33 OFFICE OF THE CLERK OF THE COURT FOR THE COUNTY IN WHICH THE  
34 PROPERTY SUBJECT TO THE LIEN OR ANY PART OF THE PROPERTY IS LOCATED.

1           **(3) THE LIEN IN FAVOR OF THE STATE CREATED BY THIS**  
2 **SUBSECTION DOES NOT HAVE PRIORITY AS TO ANY SPECIFIC PROPERTY OVER**  
3 **ANY PERSON WHO IS A LIENHOLDER OF RECORD AT THE TIME THE NOTICE**  
4 **REQUIRED UNDER PARAGRAPH (2) OF THIS SUBSECTION IS RECORDED.**

5           **(4) THE NOTICE REQUIRED UNDER PARAGRAPH (2) OF THIS**  
6 **SUBSECTION SHALL CONTAIN:**

7                   **(I) THE NAME AND ADDRESS OF THE PERSON AGAINST**  
8 **WHOSE PROPERTY THE LIEN EXISTS;**

9                   **(II) THE AMOUNT OF THE LIEN;**

10                   **(III) A DESCRIPTION OF OR REFERENCE TO THE PROPERTY**  
11 **SUBJECT TO THE LIEN; AND**

12                   **(IV) THE DATE THE GUARANTY FUND PAID THE CLAIM**  
13 **GIVING RISE TO THE LIEN.**

14           **(5) ON PRESENTATION OF A RELEASE OF ANY LIEN IN FAVOR OF**  
15 **THE STATE CREATED BY THIS SUBSECTION, THE CLERK OF THE COURT IN**  
16 **WHICH THE LIEN IS RECORDED AND INDEXED SHALL RECORD AND INDEX THE**  
17 **RELEASE AND SHALL NOTE IN THE LIEN DOCKET THE DATE THE RELEASE IS**  
18 **FILED AND THE FACT THAT THE LIEN IS RELEASED.**

19           **(6) THE NOTICE REQUIRED UNDER PARAGRAPH (2) OF THIS**  
20 **SUBSECTION AND ANY RELEASE FILED UNDER PARAGRAPH (5) OF THIS**  
21 **SUBSECTION SHALL BE INDEXED WITH THE JUDGMENT LIEN RECORDS**  
22 **MAINTAINED BY THE OFFICE OF THE CLERK OF THE COURT WHERE THE NOTICE**  
23 **IS RECORDED.**

24           **(7) THE CLERK MAY COLLECT A REASONABLE FEE FOR**  
25 **RECORDING AND INDEXING EACH NOTICE OF LIEN OR RELEASE OF ANY LIEN**  
26 **UNDER THIS SUBSECTION.**

27 **4.5-712.**

28           **(A) IF THE DIVISION PAYS A CLAIM AGAINST THE GUARANTY FUND**  
29 **BASED ON AN ACT OR OMISSION OF A REGISTRANT, THE DIVISION MAY SUSPEND**  
30 **THE HOME BUILDER REGISTRATION UNTIL THE REGISTRANT REIMBURSES THE**  
31 **FUND IN FULL FOR:**

32                   **(1) THE AMOUNT PAID FROM THE GUARANTY FUND; AND**

