

Chapter 58

**(House Bill 116)**

AN ACT concerning

**Home Builder Guaranty Fund – Award Limitations – Revisions**

FOR the purpose of altering the total amount of awards the Consumer Protection Division of the Office of the Attorney General is authorized to pay to all claimants for acts or omissions of a certain registered home builder from the Home Builder Guaranty Fund; making conforming changes; and generally relating to the Home Builder Guaranty Fund.

BY repealing and reenacting, without amendments,  
Article – Business Regulation  
Section 4.5–703(a) and 4.5–705(a)  
Annotated Code of Maryland  
(2015 Replacement Volume and 2019 Supplement)

BY repealing and reenacting, with amendments,  
Article – Business Regulation  
Section 4.5–705(e) and 4.5–710  
Annotated Code of Maryland  
(2015 Replacement Volume and 2019 Supplement)

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

**Article – Business Regulation**

4.5–703.

- (a) The Division shall:
  - (1) establish a Home Builder Guaranty Fund; and
  - (2) maintain the Guaranty Fund at a level of at least \$1,000,000.

4.5–705.

- (a) Subject to this subtitle a claimant may recover compensation from the Guaranty Fund for an actual loss that results from an act or omission by a registrant as found by the Division or a court of competent jurisdiction.
- (e) The Division may not award from the Guaranty Fund:

(1) more than \$50,000 to one claimant for acts or omissions of one registrant;

(2) more than ~~[\$300,000]~~ **\$500,000** to all claimants for acts or omissions of one registrant unless, after the Division has paid out ~~[\$300,000]~~ **\$500,000** on account of acts or omissions of the registrant, the registrant reimburses ~~[\$300,000]~~ **\$500,000** to the Guaranty Fund; or

(3) an amount for attorney's fees, consequential damages, court costs, interest, personal injury damages, or punitive damages.

4.5-710.

(a) The Division may order payment of a claim against the Guaranty Fund only if:

(1) the decision or order of the Division is final in accordance with Title 10, Subtitle 2 of the State Government Article and all rights of appeal are exhausted; or

(2) the claimant provides the Division with a certified copy of a final judgment of a court of competent jurisdiction or a final award in arbitration, with all rights of appeal exhausted, in which the court or arbitrator:

(i) expressly made findings of fact that support the claimant's right to recover under § 4.5-705(a) of this subtitle; and

(ii) has found the value of the actual loss.

(b) (1) Except as otherwise provided in this subsection, the Division shall pay approved claims in the order submitted.

(2) If approved claims submitted to the Division against a registrant exceed ~~[\$300,000]~~ **\$500,000**, less the amount of unreimbursed claim payments previously made for the registrant, the Division may pay the approved claims proportionately so that each claimant receives the same percentage payment of the claims.

(3) After the Guaranty Fund is reimbursed, the Division shall pay unsatisfied approved claims.

(c) If there is not enough money in the Guaranty Fund to pay an approved claim wholly or partially, the Division shall pay the unpaid claim:

(1) when enough money is deposited in the Guaranty Fund; and

(2) in the order that each claim originally was filed with a court of competent jurisdiction or submitted to the Division.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2020.

**Enacted under Article II, § 17(c) of the Maryland Constitution, May 8, 2020.**