

Statement in support of SB467

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I am writing in support of SB467. This bill would increase the limit for payment from the MHIC Guaranty Fund from \$20,000 to \$30,000. This increase, although hardly enough, is a start to make the MHIC work better for the citizens of Maryland. My story will illustrate the shortcomings of this and other MHIC policies.

I hired a licensed contractor to do an addition on my family home. There were over 20 building code violations found by a judge at an administrative hearing. Each of these building code violations threatened the health and safety of my family. Each of these building code violations reduced the value of our home. When I demanded repairs the contractor walked off the job leaving our house an unfinished, dangerous mess.

Instead of doing repairs the contractor sued **me** to force the final payment of the contract and placed a lien on my house. I had to defend myself by countersuing. After a long legal battle that cost my family over \$200,000 in legal fees, and a 2 week trial, a jury of Marylanders awarded my wife and I \$130,000. The contractor promptly declared bankruptcy and I got nothing.

Shortly after the contractor sued me, I filed a case with the MHIC. The MHIC refused to do anything to help me or even investigate. They stated that they would do nothing to help me until the court case was over. So for 7 years the MHIC did nothing and this contractor continued to do his bad work.

Finally after 7 years, and a victory in court, the MHIC said I still had to go to the MHIC for an OAH hearing in order to make my claim from the Guaranty Fund. This violates the legal principle of Res Judicata which is enshrined in the 7th Amendment of the U.S. Constitution. This principle says that any case that has been decided in another court, and more specifically, decided by a jury, is barred from relitigating the case. This policy of the MHIC not only violates Res Judicata and the U.S. Constitution, but it places an unfair burden on the homeowners of Maryland who have to file multiple lawsuits in order to win one single claim, even after winning in another court.

Since I could no longer afford a lawyer for my OAH hearing, I had to take a month off of work to prepare and litigate another 2 week trial. At the hearing I was attacked by my contractor's lawyer and, believe it or not, a lawyer for the state of Maryland, who did everything she could to keep me from getting a single penny from the Guaranty Fund. The judge repeatedly threatened to throw out my case because I had trouble following strict legal procedures. (I'm not a lawyer).

In spite of all that I got a judgement of \$66,000. After waiting another 16 months, I finally received \$20,000 from the Guaranty Fund. Obviously the \$30,000 that would be allowed under SB647 is an improvement, but it is still woefully inadequate.

The DLLR has a policy that requires contractors to have assets equivalent to the maximum payout of \$20,000. It is my understanding that the DLLR claims that any increase such as the one in SB467 would make it too difficult for contractors to get a license. However the overall limit for one contractor is actually \$100,000. Why does the DLLR complain about a \$30,000 limit but is happy with the overall \$100,000 limit?

The fact that claims can actually go to \$100,000 puts the lie to the idea put out by the DLLR that there is an absolute necessity of an equivalency between the max amount of a single Guaranty Fund claim and the net worth of a contractor.

If claims can actually go to \$100,000 then by the logic of the DLLR the contractor should be required to show assets of \$100,000 not only \$20,000.

Taking it the other way around, if the Guaranty Fund will pay up to \$100,000 when a contractor is only showing 20K in assets as the law states now, then why would \$30k or \$40K or even \$100K not be possible for a single claim?

Is there any evidence that a company that gets its license with \$20,000 in assets would not pay a judgement of 30, 40, or even 100,000 dollars or is this just a made up argument by the DLLR? Contractors would be willing to lose their license to avoid paying?

The current evidence is actually that the DLLR is sitting on a pile of money that they would rather keep than give to people like me who have been devastated by unscrupulous and corrupt contractors.

This bill we are considering today is hardly all that is needed to improve the MHIC. My story demonstrates some of the ways the MHIC is an utter failure at protecting the citizen's of Maryland from bad contractors.

On their website the MHIC states, "the commission investigates complaints by homeowners and prosecutes violators of home improvement law and regulations" This is a lie. Representatives of the MHIC have told me that they **only** investigate a contractor if there are many complaints. My contractor was found to have made over 20 building code violations on my house. He also said to inspectors that he "always builds houses like that." In sworn court testimony he was proved to have said that "building codes are b.s."

I had to hire an expert building engineer, and pay him thousands, to prove that my contractor built my addition with over 20 building code violations. It is not surprising that no other homeowners didn't do the same. I have no doubt that dozens of other Marylanders have houses, additions, and renovations built by my contractor that have serious building code

violations. My contractor said he did it! But the MHIC says they will not investigate, they will not do anything unless multiple citizens file a complaint. To the MHIC I say "BS."

Over the years of complaints that I made, the MHIC said that they would do something only **after** the court cases were all over. But did they? No, but I did. I found out that even though my contractor advertised as being lead paint certified by the MDE and the EPA he was neither and contaminated my house with lead paint. I investigated and found that he had violated Maryland labor laws and I brought these findings to the Workplace Fraud Unit and they cited him. I investigated and found that he violated numerous laws and regulations. I brought all this to the attention of the MHIC. Did they prosecute him as they say they do on their website? No, they did nothing.

The actual policy of the MHIC, as I was told by a former MHIC insider, is to do as little as possible. Their policy is to not only avoid conflicts with contractors but to bend over backwards to help them. Their policy is to abandon their own reason for being which is to help Maryland homeowners.

I have submitted documents that can corroborate my story. Much more is available upon request and I would be happy to discuss this topic with anyone.

The contractor that I have been talking about is still licensed in the State of Maryland, no doubt continuing to undermine the safety and security of Marylanders under a new business he started in his wife's name. And, believe it or not, he did not even pay the MHIC back the \$20,000 as required. And they didn't even try to make him. He got off scot free.