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Joint Committee on Ending Homelessness

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THE SENATE OF MARYLAND

ANNAPOLIS, MARYLAND 21401

SB578 --- Business Regulation - Home Improvement Guaranty Fund - Alterations

Background

- Maryland Home Improvement Commission Guaranty Fund provides up to \$30,000 in reimbursements to homeowners stemming from actual damages by a contractor in a qualifying home improvement project.
- If a homeowner has an arbitration clause in their contract, they must arbitrate with the contractor; if not, they are able to have an administrative hearing to determine if their award qualifies.
- In many instances, MHIC finds that arbitration awards do not qualify for disbursement from the Fund because they do not “expressly” find on the merits that the claimant is entitled to relief under §8-405, or do not clearly delineate these losses such that they are eligible to collect.

What the bill does

- Removes “expressly” from §8-409 to allow MHIC to accept more arbitration orders.
- Allows MHIC to award, at their discretion, attorney’s fees that a claimant has incurred attempting to access the Fund.
- Does not alter the \$30,000 cap that one claimant can receive.
- Amendments submitted to committee clarify these provisions.

Why this bill is needed

- Homeowners who must arbitrate their claims may end up with an arbitration finding that they sustained actual damages, but may still be unable to recover from the Fund because MHIC determines that the language does not match the statute, which can incur more costs and require more time to access the Fund for an award that may substantively qualify.
- Homeowners also may need to hire legal counsel, particularly if their arbitration is appealed through multiple levels of appellate courts, which can be a serious additional expense.