

**Maryland Home Improvement Commission
Public Business Meeting Minutes**

DATE: February 4, 2021

TIME: 10:00 a.m.

PLACE: Teleconference through Google Meet

MEMBERS PRESENT: Robert Altieri
James Berndt
Lauren Lake
Michael A. Newton
Wm. Bruce Quackenbush
Michael Shilling
Joseph Tunney, Chair
I Jean White

MEMBERS ABSENT: Lawrence Helminiak

DEPARTMENT OF LABOR OFFICIALS AND
STAFF PRESENT: David Finneran, Executive Director
Deborah Irvin-Cromwell, Assistant Executive Director
Lance Franklin, License Supervisor
Gregory Morgan, Commissioner
Kimberly Rosenthal, Administrative Officer
Kenneth Sigman, Assistant Attorney General
Tenaea A.Thomas, Panel Secretary

Call to Order

Chair Tunney called the meeting to order at 10:05 a.m.

Approval of the December 3 2020 Minutes

Ms. White made a motion to approve the minutes of the December 3, 2020 Commission meeting. Mr. Quackenbush seconded the motion and all approved the minutes.

Guaranty Fund Activity Report

The MHIC Guaranty Fund Activity Report dated January 1, 2021 is as follows:

Balance as of July 1, 2020	\$ 3,738,738.15
Receipts	\$ 726,764.24
Interest	-0-
Disbursements	
Claims	(\$658,330.29)
Refunds	(\$200.00)
Balance as of December 30, 2020	<u>\$3,806,972.40</u>
Reserve	
Anticipated Large Claims	\$ 700,000.00
FMIS Balance	\$3,727,047.40
Difference	\$ 79,925.00

Please note that the "Receipts" amount of \$726,764.24 include electronic licensing receipts of \$66,500.00 and Lockbox receipts of \$13,425.00 for the month of December that was not posted into FMIS until the month of January, 2021.

**Prorated Claims Report - MHIC Business Meeting
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<u>Contractor</u>	<u>Suspended date</u>
Contractor A Payout completed on March 27, 2018	June 9, 2015
Contractor B Payout completed on December 6, 2018	June 16, 2016
Contractor C Payout completed on October 4, 2018	February 1, 2017
Contractor D Payout completed on January 1, 2019	June 29, 2017
Contractor E 24 – Complaints Claims date closed as of January 1, 2019	June 29, 2017 (Emergency Suspended) Latest complaint opened May, 2018
Contractor F Payout completed on September 3, 2019	December 21, 2017
Contractor G 9 – Complaints	May 8, 2019 (voluntary termination) Latest one opened May 20, 2019 Claims date to close November 20, 2020
Contractor H 7– Complaints 1-Criminal Complaint	June 24, 2019 (Emergency Suspension) Latest one opened October 29, 2019 Criminal Charges filed
Contractor I 6 – Complaints	March 8, 2019 (license expired) Latest one opened Sept. 16, 2020
Contractor J 19 – Complaints	Dec. 16, 2019 (Emergency Suspension) Latest complaint opened January 7, 2021
Contractor K 8 – Complaints	Jan. 16, 2020 (show cause suspension) Latest complaint opened Nov 13 2020
Contractor L 9--Complaints 1-Criminal Complaint	March 12, 2020 (Emergency Suspension) Latest Licensed Complaint opened August 27, 2020. Criminal Charges filed in 1 case

Contractor M
11-Complaints

**December 5, 2019 (Show Cause
Suspension)** Latest complaint
opened May 29, 2020

Mr. Finneran informed the Commission of the following:

Contractor' G may be able to have the Guaranty Fund payout in 2021.

Contractor H: The latest licensed complaint was received on October 7, 2019. A criminal complaint was received by the Commission against the contractor on October 29, 2019. Criminal charges have been filed. The Commissioners said that since the criminal case cannot collect from the Guaranty Fund that the Guaranty Fund should payout 18 months after the last licensed complaint was received. Mr. Finneran will post a notice on the MHIC website that will inform homeowner's that they have until April 7, 2021 to get their claims in to be considered in the pro-rated payout group.

Contractor J: One new licensed complaint recently was recorded.

Contractor L: The last licensed complaint was opened in August of 2020. However, there was criminal complaint received in January, 2021. Mr. Sigman said that if it's a criminal case that it's not eligible for a Guaranty Fund payout and a criminal case should not extend a Guaranty Fund payout date. The Commissioners agreed.

Review of Exam Results

Below is the examination statistics summary for the month of December 2020 and January 2021

December 2020

Home Improvement	Candidates Tested	Passed	Failed	Pass %
Contractor	173	121	62	70%
Contractor Spanish	135	66	69	49%
Salesperson	63	47	16	75%
Salesperson Spanish	1	0	1	
TOTAL	372	234	138	63%

January 2021

Contractor	178	130	48	73%
Contractor Spanish	127	56	71	44%
Salesperson	59	41	18	69%
Salesperson Spanish	0	0	0	0
TOTAL	364	227	137	62%

Mr. Finneran noted that PSI is testing a lot more Spanish Speaking Contractors.

Maryland Home Improvement Stats

NOVEMBER 2020	
LICENSING ACTIVITY	
Current Licenses Total	35,110
<i>Contractor/Salesperson</i>	18,384
<i>Salesperson</i>	3,073
<i>Contractor/Salesperson (Corp/Part)</i>	12,583
<i>Applications Approved</i>	106
COMPLAINTS RECEIVED	
Complaints Received	98
<i>Licensed</i>	56
<i>Unlicensed</i>	42
Pending Show Cause Hearings	37
Waiting to be sent to OAH	84
Pending Hearing/Decision at OAH	89
Mediation	35
CLAIMS	
Total Open Complaints/Claims	344
New Claims Received	15

DECEMBER 2020	
LICENSING ACTIVITY	
Current Licenses Total	35,334
M <i>Contractor/Salesperson</i>	18,481
<i>Salesperson</i>	3,084
<i>Contractor/Salesperson (Corp/Part)</i>	12,686
<i>Applications Approved</i>	120
COMPLAINTS RECEIVED	
Complaints Received	79
<i>Licensed</i>	48
<i>Unlicensed</i>	31
Pending Show Cause Hearings	51
Waiting to be sent to OAH	59
Pending Hearing/Decision at OAH	114
Mediation	34
CLAIMS	
Total Open Complaints/Claims	352
New Claims Received	8

Ms. White asked why in October and November of 2020 we had over 500 claims and now we have over 300? Where did 200 claims go? Mr. Finneran said that the Office of Administrative Hearings (OAH) informed MHIC that they could resume sending claims for hearings. After numerous claims were processed and sent to OAH in late 2020, the MHIC was notified that OAH has more cases than they can handle at this time and had asked the MHIC not to send anymore until March, 2021.

MHIC CITATION REPORT

DECEMBER 2020

<i>Citation #</i>	<i>Total \$ Amount</i>	<i>Violations</i>	<i>Investigator</i>	<i>Due Date</i>	<i>Citation Date</i>
725	\$1,000.00	BB-1	R. Richburg	2/8/2021	12/10/2020

JANUARY 2021

<i>Citation #</i>	<i>Total \$ Amount</i>	<i>Violations</i>	<i>Investigator</i>	<i>Due Date</i>	<i>Citation Date</i>
727	\$1,500.00	Y-01	K. Niebuhr	3/27/2021	1/26/2021

Mr. Finneran informed the Commission that there are several citations that are ready to go out.

Comments from the Chairman

Mr. Tunney is looking forward to when we can all get together.

Ms. White asked Mr. Finneran for an update on the proposed legislation that was held in January.

Mr. Finneran stated the following:

SB106 Requiring, before certain licenses or permits are issued or renewed, the issuing authority to verify with the State Department of Assessments and Taxation that the applicant is in good standing with the Department if the applicant is a person required to file an annual report under § 11-101 of the Tax - Property Article. This bill is currently pending with the House Health and Government Operations Committee. Commissioner Morgan said that this may pass which will affect all O & P licensing boards.

HB395 Increasing from one-third to one-half the maximum portion of a home improvement contract price that a person may receive as a deposit before or at the time of execution of the home improvement contract. This bill is currently with the House Economic Matters Committee.

HB408 Increasing from one-third to one-half the maximum portion of a home improvement contract price that a person may receive as a deposit before or at the time of execution of a home improvement contract; and prohibiting a person from receiving any remaining amount of a home improvement contract price until the completion of the home improvement specified in the contract. This bill is currently with the House Economic Matters Committee.

Commissioner Morgan said that there is another bill currently being discussed that will allow live streaming of all board meetings. Also it would require that the minutes be completed within two business days after the meeting.

Mr. Shilling asked how much money could the Contractor at the time a homeowner enters into a change order? Mr. Finneran and Mr. Sigman both agreed that after the maximum 1/3 deposit is received at the time of signing the initial home improvement contract, home improvement law is silent. All agreed that the payment that is due at the time a homeowner enters into a change order is negotiable and not limited to the 1/3 deposit requirement. The decision to not impose deposit limitations when entering into a change order would ultimately fall on the courts and the courts would make that legal interpretation if the Commission's decision was challenged.

Mr. Tunney's understanding is you can take 1/3 deposit at the time of the initial contract. The day after the contract is ratified, a contractor can request the entire amount of the contract if that has been agreed to in the ratified contract. Change orders become a part of the original contract so the entire change order can get paid up front.

Ms. White asked about the the next publication of the newsletter? Mr. Finneran said that he has sent up his recommendations for the newsletter in December. He believes the next newsletter will be emailed to all interested parties early next week. Mr. Finneran hopes to send out MHIC newsletters on a quarterly bases. There are several topics he wants to address in future newsletters. If there is information that is division wide a division wide newsletter will be sent out to all that is on the mailing list.

Comments from the Executive Director

Mr. Finneran informed the Commissioners that MHIC has interviewed for the position of Licensing Administrator. This position will help in licensing immensely. At this point Human Resources has MHIC's selections and Human Resources must select the person. Mr. Finneran hopes to have a staff member within 30 days or less.

Mr. Finneran also informed the Commissioners that John Papavasiliou, Deputy Director of O & P has taken a new position with the Department of Commerce. The position of Deputy Director should be filled in the next month. The Deputy Director position works directly under Commissioner Morgan.

Adjournment

The meeting was adjourned at 10:50 a.m.



Joseph Tunney Chairman



David Finneran, Executive Director