Maryland Home Improvement Commission

Business Meeting

Meeting Minutes

DATE: April 6, 2023

TIME: 10:00 AM

LOCATION: ***(Teleconference via Google Meet)***

MEMBERS PRESENT: W. Bruce Quackenbush, Acting *Chairman*

Robert Altieri, *Commissioner*

Heather Connellee, *Commissioner*

Lauren E. Lake, *Commissioner*

Chandler Louden, *Commissioner*

Michael Shilling, *Commissioner*

I. Jean White, *Commissioner*

STAFF PRESENT: David Finneran, *Executive Director*

Deborah Irvin Cromwell, *Assistant Director*

Adrienne Harlee, *Licensing Secretary*

Destiny Rogers, *Investigator’s Secretary*

Kimberly Rosenthal, *Administrative Officer*

Kenneth Sigman*, Assistant Attorney General*

Tenaea Thomas*, Panel Secretary*

OTHERS PRESENT: Matthew McKinney

Daniel Meiselman

MEMBERS ABSENT: Joseph Tunney, *Chairman*

Michael A. Newton, *Commissioner*

# **Meeting Called to Order**

The meeting was called to order at 10:03 a.m.

# **Approval of the February 2, 2023 Minutes**

Commissioner Altieri moved to approve the Minutes of the February 2, 2023, meeting, and Commissioner Shilling seconded it. All Commissioners approved.

# **Senate Bill 429: Guaranty Fund Cap Increase Update**

This bill increases, from $250,000 to $1,000,000, the minimum level at which the Maryland Home Improvement Commission (MHIC) must keep the Home Improvement Guaranty Fund. The bill also increases, from $100,000 to $250,000, the maximum possible amount that may be awarded by MHIC from the Home Improvement Guaranty Fund to all claimants for acts or omissions of one contractor unless, after MHIC has paid out the $250,000, the contractor reimburses $250,000 to the fund. Similar to current requirements, if MHIC finds that, because of pending claims, the amount of the fund may fall below $1,000,000 (rather than $250,000 under current statutory requirements), MHIC must assess each contractor a fee. The bill also makes other technical and conforming changes. The bill takes effect July 1, 2023. The new license fee is set by statute. The General Assembly did not consider raising the fee for new licenses during the 2023 session. The Commission can raise the license renewal fee. The new cap will apply to any awards that are paid after July 1, 2023, regardless of when the underlying claims were filed. The maximum award per claimant remains $30,000.

# **Guaranty Fund Activity Report**

The MHIC Guaranty Fund Activity Report dated February 22, 2023, is as follows:

Balance as of July 1, 2022 $ 4,450,975.45

Receipts $ 1,058, 269.94

Disbursements

Claims ($1,528,505.64)

Refunds ($0.00)

Balance as of January 31, 2023 $3,980,739.75

Reserve

Anticipated Large Claims $1,000,000.00

FMIS Balance $3,850,449.86

Difference $130,289.89

Please note that the “Receipts” amount of $1,058,269.94 includes electronic licensing receipts of $126,714.89 and lockbox receipts of $3,575.00 for the month of January that were not posted into FMIS until the month of February 2023.

**Anticipated Pro Rated Claims**

**Prorated Claims Report - MHIC Business Meeting April 6, 2023**

**Recent Guaranty Fund Payouts**

**Contractor Suspension date**

**Contractor I March 8, 2019**

Payout completed on March 24, 2022

**Contractor K**  **January 16, 2020**

Payout completed on July 11, 2022

**Contractor H June 24, 2019**

Payout completed on September 28, 2022

**Contractor J December 16, 2019**

Payout completed on October 10, 2022

**Contractor G May 8, 2019**

Payout completed on December 2, 2022

**Contractor M December 5, 2019**

Payout completed on December 18, 2022

**Contractor L October 25, 2021**

Payout completed on January 17, 2023

**Contractor N April 19, 2021**

Payout completed on March 6, 2023

**Guaranty Fund Claims Pending Payouts**

**Contractor O October 25, 2021 (GF payout suspension)**

58 complaints (plus 6) Latest complaint opened January 23, 2023

18 criminal charges filed 6 cases pending criminal charges

**Contractor P May 7, 2022 (Show Cause suspension)**

9 complaints Latest complaint opened March 17, 2022

**Contractor Q April 5, 2022 (Emergency Suspension)**

23 complaints (plus 1) Latest complaint opened March 21, 2023

**Contractor R June 1, 2022 (Emergency Suspension)**

44 complaints (plus 3) Latest complaint opened March 29, 2023

2 criminal charges filed 1 unlicensed complaint

**Contractor S October 12, 2021 (Emergency Suspension)**

19 complaints Latest complaint opened August 22, 2022

**Contractor T September 15, 2022 (Show Cause Suspension)**

9 complaints Latest complaint opened November 1, 2022

**Contractor U October 17, 2022 (Emergency Suspension)**

150 complaints (plus 11) Latest complaint opened April 5, 2023

**Contractor V Voluntary Termination February 10, 2023**

34 complaints Latest complaint opened March 23, 2023

**Contractor W Emergency Suspension February 24, 2023**

7 complaints Latest complaint opened December 13, 2022

Contractor N: Each homeowner’s received 100% of their Guaranty Fund claims. There were a few claims that were denied, which reduced the total of the Guaranty Fund awards to less than $100,000. This payout was completed March 6, 2023.

Contractor O has 58 complaints, which is six more complaints than the last business meeting. The last complaint was opened on January 23, 2023. There were 18 criminal charges filed against this contractor. Six additional cases are pending criminal charges. This Contractor mostly worked in Baltimore County and Baltimore City. The Baltimore City State’s Attorney team and MHIC staff have met and discussed taking further action in a combined manner in the Baltimore City cases. This contractor appears to be still working. The contractor is currently not in jail.

Contractor Q has 23 complaints. One more complaint than the previous business meeting. The latest complaint was opened on March 21, 2023. These cases are going through the OAH process.

Contractor R has 44 complaints. Three more complaints than the previous business meeting. The latest complaint was opened on March 23, 2023. MHIC worked with the Consumer Protection Division to address these complaints in a coordinated fashion.

Contractor U has 150 complaints. Eleven more complaints than the previous business meeting. The latest complaint was opened April 5, 2023. The MHIC is working with the Anne Arundel County State’s Attorney’s Office, the Attorney General’s Criminal Division, and the Consumer Protection Division to address this contractor's complaints. The contractor is no longer in business. All the complaints are licensed complaints. Several of the complaints have been fully adjudicated. More complaints are expected since Pool season is coming around. MHIC has been notified that there could be up to 200 complaints against this contractor.

Contractor V has 34 complaints. This contractor's license was terminated on February 10, 2023. The latest complaint was opened on March 23, 2023. The complaints are serious complaints. The contractor was licensed during all of the complaints. The contractor is responsive to the Commission.

Contractor W has seven complaints. The contractor was suspended on an emergency basis on February 24, 2023. The latest complaint was opened on December 13, 2022. The contractor has an attorney. The attorney is very responsive. The attorney has said that the contractor is working to repay the homeowners. They believe they have cash to reimburse every homeowner. This would be a great outcome to the Commission if the contractor could reimburse the homeowners.

There were no questions about the prorated report.

# **Review of MHIC Statistics**

|  |  |
| --- | --- |
| **JANUARY 2023** | |
| **LICENSING ACTIVITY** |  |
| **Current Licenses Total** | 37,115 |
| *Contractor/Salesperson* | 19,273 |
| *Salesperson* | 2,635 |
| *Contractor/Salesperson (Corp/Part)* | 14,350 |
| *Applications Approved* | 201 |
|  |  |
| **COMPLAINTS RECEIVED** | |
| **Complaints Received** | **132** |
| *Licensed* | 85 |
| *Unlicensed* | 47 |
| PendingShow Cause Hearings | **31** |
| Waiting to be sent to OAH | **20** |
| Pending Hearing/Decision at OAH | **40** |
| Mediation | 35 |
|  | |
| **Claims** | |
| Total Open Claims | **563** |
| New Claims Received | **34** |
| Small Claims Received | **2** |

|  |  |
| --- | --- |
| **FEBRUARY 2023** | |
| **LICENSING ACTIVITY** |  |
| **Current Licenses Total** | 37,320 |
| *Contractor/Salesperson* | 19,351 |
| *Salesperson* | 2,668 |
| *Contractor/Salesperson (Corp/Part)* | 14,437 |
| *Applications Approved* | 203 |
|  |  |
| **COMPLAINTS RECEIVED** | |
| **Complaints Received** | **96** |
| *Licensed* | 66 |
| *Unlicensed* | 30 |
| PendingShow Cause Hearings | **43** |
| Waiting to be sent to OAH | **27** |
| Pending Hearing/Decision at OAH | **67** |
| Mediation | 42 |
|  | |
| **Claims** | |
| Total Open Claims | **553** |
| New Claims Received | **55** |
| Small Claims Received | **1** |

There has been a significant increase in licensing applications due to the spring season.

There were no questions about the Stat report.

# **Review of the February 2023 & March 2023 PSI Results**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Below is the examination statistics summary for the month of February 2023 & March 2023  February 2023 | | | | | |
| **Home Improvement** | | **Candidates Tested** | **Passed** | **Failed** | **Pass %** |
| Contractor | | 154 | 113 | 41 | 73% |
| Contractor Spanish | | 159 | 81 | 78 | 51% |
| Salesperson | | 143 | 82 | 61 | 57% |
| Salesperson Spanish | | 2 | 1 | 1 | 50% |
| **TOTAL** | | **458** | **277** | **181** | **60%** |
| March 2023 | | | | |
| **Home Improvement** | **Candidates Tested** | **Passed** | **Failed** | **Pass %** |
| Contractor | 171 | 124 | 47 | 73% |
| Contractor Spanish | 168 | 86 | 82 | 51% |
| Salesperson | 116 | 78 | 38 | 67% |
| Salesperson Spanish | 1 | 1 | 0 | 100% |
| **TOTAL** | **456** | **289** | **167** | **63%** |

Mr. Finneran noted that the Spanish language exam candidates were higher than the English language exam candidates. Also there are more Salesman testing.

There were no questions about the PSI report.

# **CITATION REPORT**

**There were no Citations issued in February 2023**

**March 2023 Citation Report**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Citation #** | **Date** | **Charges** | **Amount** | **Investigator** |
| **839** | **3/7/2023** | **X01, B01, W01** | **$1,800.00** | **Wall** |
| **840** | **3/7/2023** | **Y01, BB1** | **$2,500.00** | **Wall** |
| **843** | **3/22/2023** | **BB1, Y01** | **$2,500.00** | **Corbin** |
| **844** | **3/22/2023** | **BB1, Y01** | **$2,500.00** | **Corbin** |

There were no questions about the Citation Report

# **Comments from the Chairman**

Acting Commission Chair Quackenbush commended Mr. Finneran and staff on the tremendous job they are doing with investigations. He understands that Mr. Finneran is also assisting in the court room and is making great strides managing Commission business. It was also noted that it is important to get individuals licensed and also equally important to get the unlicensed contractor’s off the streets.

Mr. Altieri asked Mr. Finneran how he felt about the current legislation. Mr. Finneran said he supports the change, which is necessary because of inflation. But added he doesn’t know if it is the Commission’s duty to make every homeowner 100% whole. He is concerned that the new $250,000 Guaranty Fund cap quickly will reduce the Fund balance. Mr. Quackenbush believes this ultimately hurts the good contractors who will be paying for the conduct of bad contractors. Mr. Altieri believes that the Guaranty Fund is going to be diminished quickly. Mr. Quackenbush said that Contractor B was taking large deposits and that if the Commission receives a couple of contractor’s like Contractor B it will diminish the Guaranty Fund quickly.

**Comments from the Assistant Director**

Colyn Wall, an excellent Investigator for MHIC, is taking a full time position as an investigator with the Real Estate Commission. MHIC is working to fill her position.

MHIC’s complaint secretary Saundra Sharper’s last day is April 3, 2023. She is returning to the medical field. Ms. Sharper will be missed. She was very good at her job as well.

Destiny Rogers started March 16, 2023. She is the Secretary to the Investigators and is also assisting with complaint intake.

Adrienne Harlee started March 29, 2023. She will be in the licensing unit

# **Adjournment**

The meeting was adjourned at 10:41 a.m.

Signature on File June 1, 2023

### Chair’s Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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