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## **Maryland Home Improvement Commission**

### **Business Meeting**

#### *Meeting Minutes*

DATE: October 3, 2024

TIME: 10:00 AM

LOCATION: *(Teleconference via Google Meet)*

MEMBERS PRESENT: Wm. Bruce Quackenbush, *Acting Chair*  
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*  
Lance Franklin, *Licensing Supervisor*  
Adowa Lambertis, *Office Assistant*  
Kimberly Rosenthal, *Administrative Officer*  
Kenneth Sigman, *Assistant Attorney General*  
Tenaea Thomas, *Panel Secretary*

#### **Meeting Called to Order**

The meeting was called to order at 10:00 a.m.

### **Approval of the August 1, 2024 Minutes**

Commissioner White moved to approve the Minutes of the August 1, 2024, meeting, and Commissioner Connellee seconded it. All Commissioners approved the motion.

### **Potential Amendments to the Code of Maryland Regulations**

Mr. Sigman described proposed amendments to the Commission's regulations. The amendments included changes to reflect the statutory changes such as the increase in Guaranty Fund award caps and the elimination of the subcontractor licensing requirement, the formalization of Commission policies regarding the three-residence ownership limit for Guaranty Fund eligibility and not compensating homeowners who hire unlicensed corrective contractors, procedural improvements such as scheduling OAH claim hearings for a half day and requiring contractors to promptly respond and pay their share of fees when arbitration is invoked, and strengthening the requirement that contractors maintain surety bonds they used to demonstrate financial solvency. Commissioner Connellee made a motion to endorse the proposed amendments, Commissioner White seconded the motion, and the Commission unanimously approved the motion.

### **Guaranty Fund Activity Report**

The MHIC Guaranty Fund Activity Report dated September 26, 2024, is as follows:

Balance as of July 1, 2023	\$ 4,031,651.85
Receipts	\$ 287,787.80
Disbursements	
Claims	(\$274,585.66)
Refunds	(\$0.00)
Balance as July 31, 2024	<u>\$4,010,897.50</u>
Reserve	
FMIS Balance	\$4,044,853.99
Difference	\$-139,475.00

Please note that the "Receipts" amount of \$287,787.80 includes electronic licensing receipts of \$139,350.00 and Lockbox receipts of \$125.00 for the month of August that were not posted into FMIS until the month of September.

MHIC Pro Rated Claims Report

**MHIC – Anticipated Prorated Claims      October 3, 2024**  
**Expected to exceed \$250,000 in Guaranty Fund claims**

**Contractor O**

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

The MD Consumer Protection Division has initiated administrative actions against this contractor in an effort to recover additional funds that may reimburse homeowners for their actual loss.

The Baltimore City Office of the Inspector General announced the indictment of this contractor on September 17, 2024.

65 total MHIC complaints - Latest complaint opened May 8, 2024

36 criminal charges filed by MHIC

31 total MHIC claims received

4 claims denied

\$431,482.00 total potential claims

Claims no longer accepted as of September 4, 2024

Based on potential claim awards, each claimant will receive about 58% of their Guaranty Fund award.

**Contractor U**

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

The MD Consumer Protection Division is in the early stage of its investigation of this contractor and is developing a strategy to address the large volume of homeowners with possible Guaranty Fund claims.

161 (+1) total MHIC complaints - Latest complaint opened June 20, 2024

96 (+4) total MHIC claims received

2 claims denied

\$ 1,859,782.87 total potential claims to date

Claims closing date – December 31, 2024

Based on potential claim awards, each claimant will receive about 13% of their Guaranty Fund award.

### **Contractor V**

#### **Voluntary Termination February 10, 2023**

Multiple State agencies have initiated investigations against this contractor. The investigations include criminal and financial crimes.

The MD Consumer Protection Division has administrative hearings at OAH on October 9, 2024. The MHIC Executive Director and 29 homeowners are expected to testify.

36 total MHIC complaints - Latest complaint opened August 3, 2023

16 criminal charges filed by MHIC

31 (+2) total MHIC claims received

\$911,139.91 total claim exposure to date

Claims closing date – February 3, 2025

Based on potential claim awards, each claimant will receive about 27% of their Guaranty Fund award.

### **Contractor W**

#### **Emergency Suspension June 6, 2023**

25 total MHIC Complaints – Latest complaint opened on January 3, 2024

19 Claims to date

One claim denied

17 Criminal charges filed by MHIC

\$314,921.43 total claim exposure to date

Based on potential claim awards, each claimant will receive about 79% of their Guaranty Fund award.



**Review of MHIC Statistics**

<b>JULY 2024</b>	
<b>LICENSING ACTIVITY</b>	
<b>Current Licenses Total</b>	<b>41,260</b>
<i>Contractor/Salesperson</i>	<b>20,887</b>
<i>Salesperson</i>	<b>3,119</b>
<i>Contractor/Salesperson (Corp/Part)</i>	<b>16,310</b>
<i>Applications Approved</i>	<b>213</b>
<b>COMPLAINTS RECEIVED</b>	
<b>Complaints Received</b>	<b>117</b>
<i>Licensed</i>	<b>79</b>
<i>Unlicensed</i>	<b>38</b>
Pending Show Cause Hearings	<b>17</b>
Waiting to be sent to OAH	<b>159</b>
Pending Hearing/Decision at OAH	<b>131</b>
Files sent to Mediation	<b>2</b>
<b>CLAIMS</b>	
Total Open Claims	<b>657</b>
New Claims Received	<b>46</b>
Small Claims Received	<b>4</b>

## AUGUST 2024

<b>LICENSING ACTIVITY</b>	
<b>Current Licenses Total</b>	<b>41,337</b>
<i>Contractor/Salesperson</i>	<b>20,919</b>
<i>Salesperson</i>	<b>3,121</b>
<i>Contractor/Salesperson (Corp/Part)</i>	<b>16,358</b>
<i>Applications Approved</i>	<b>224</b>
<b>COMPLAINTS RECEIVED</b>	
<b>Complaints Received</b>	<b>133</b>
<i>Licensed</i>	<b>89</b>
<i>Unlicensed</i>	<b>44</b>
Pending Show Cause Hearings	<b>12</b>
Waiting to be sent to OAH	<b>158</b>
Pending Hearing/Decision at OAH	<b>131</b>
Files sent to Mediation	<b>8</b>
<b>CLAIMS</b>	
Total Open Claims	<b>615</b>
New Claims Received	<b>42</b>
Small Claims Received	<b>4</b>

## **Review of the August 2024 & September 2024 PSI Results**

Below are the examination statistics summary for the month of August 2024 & September 2024.

### August 2024

Home Improvement	Candidates Tested	Passed	Failed	Pass %
Contractor	54	13	41	24%
Contractor Spanish	131	57	74	44%
Salesperson	83	54	29	65%
Salesperson Spanish	0	0	0	
<b>TOTAL</b>	<b>268</b>	<b>124</b>	<b>144</b>	<b>46%</b>

### September 2024

Home Improvement	Candidates Tested	Passed	Failed	Pass %
Contractor	127	83	44	65%
Contractor Spanish	112	48	64	43%
Salesperson	56	29	27	52%
Salesperson Spanish	0	0	0	
<b>TOTAL</b>	<b>295</b>	<b>160</b>	<b>135</b>	<b>54%</b>

## **Comments from the Acting Chairman**

Acting Chairman Quackenbush and Commissioner White thanked the staff for doing a good job and the Commissioners appreciate it.

**Comments from the Executive Director**

Mr. Finneran informed the Commissioners that MHIC has an opening for a Licensing Staff member position. Also, there is an opening for an Administrator to the Investigators that has been posted and will close very soon. Interviews will be held shortly after.

Mr. Finneran informed the Commissioners that the move to Charles street is now scheduled for November 15, 2024. There is a lot of shared space. Staff members are required to work from home at least two days a week. Documents are currently being scanned and shredded. There are only 15 file cabinets for 300 boxes of files. There is very limited space.

**Adjournment**

The meeting was adjourned at 10:37 a.m.

*Chair's Signature:* \_\_\_\_\_

*Date:* \_\_\_\_\_