Maryland Home Improvement Commission

Business Meeting

Meeting Minutes

DATE: December 1, 2022

TIME: 10:00 AM

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

MEMBERS PRESENT: Joseph Tunney, *Chairman*

Robert Altieri, *Commissioner*

Heather Connellee, *Commissioner*

Lauren E. Lake, *Commissioner*

*Chandler Louden, Commissioner*

W. Bruce Quackenbush, Jr., *Commissioner*

*MEMBERS ABSENT:* Michael A. Newton, *Commissioner*

Michael Shilling*, Commissioner*

I Jean White*, Commissioner*

STAFF PRESENT: David Finneran, *Executive Director*

Deborah Irvin Cromwell, *Assistant Director*

Kimberly Rosenthal, *Administrative Officer*

Kenneth Sigman*, Assistant Attorney General*

Tenaea Thomas*, Panel Secretary*

Gregory Morgan*, Commissioner*

Colyn Wall, Investigator

*OTHERS PRESENT:* Delegate Stephen C. Johnson

 Tina Hampton, Elite Power Washing

 Henry Bockman

# **Meeting Called to Order**

The meeting was called to order at 10:01 a.m.

# **Approval of the October 6, 2022 Minutes**

Commissioner Quackenbush moved to approve the Minutes of the October 4, 2022, meeting and Commissioner Connellee seconded it. All approved.

# **Power Washing**

Delegate Johnson asked the Commissioners if they received the information that he sent in reference to Power Washing. Commission Chair Tunney informed him the Delegate that they did receive the information. However, Commissioner Tunney also stated that the subject would best be served by presenting a bill to the State legislature. Commissioner Morgan stated that the best approach is to require power washing professionals to register with the State, rather than making power washing a category administered under home improvement law that would allow for claims against the Guaranty Fund. Delegate Johnson agreed. Commissioner Morgan asked Delegate Johnson to meet with him and he would bring the statutes and regulations that they can use to base the Power Washing registration program. Commissioner Morgan and Delegate Johnson agreed to meet to discuss creating a Power Washing registration requirements.

# **Guaranty Fund Activity Report**

The MHIC Guaranty Fund Activity Report dated November 17, 2022, is as follows:

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

Receipts $ 665,987.04

Interest $0.00

Disbursements

 Claims ($885,715.29)

 Refunds ($0.00)

Balance as of October 31, 2022 $4,231,247.20

Reserve

Anticipated Large Claims $1,200,000.00

FMIS Balance $4,098,348.62

Difference $132,898.58

Please note that the receipts amount of $665,987.04 include electronic licensing receipts of $115,923.58 and lockbox receipts of $16,975.00 for the month of October that were not posted into FMIS until the Month of November 2022.

Mr. Finneran said that the Guaranty Fund recently made a large payout, and the Anticipated Large Claims should actually read $1,100,000.00.

**Anticipated Pro Rated Claims**

 **Prorated Claims Report - MHIC Business Meeting December 1, 2022**

**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

 **Claims Pending Payouts**

**Contractor L March 12, 2020 (Emergency suspension)**

10 complaints Latest licensed complaint opened March 24, 2021

 Claims period closed November 25, 2022

3 criminal complaints Criminal charges filed in all three cases

**Contractor M December 5, 2019 (Show Cause suspension)**

12 complaints Latest complaint opened March 3, 2021

 Claims period closed November 4, 2022

**Contractor N April 19, 2021 (Emergency suspension)**

13 complaints Latest complaint opened May 13, 2021

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

42 complaints Latest complaint opened November 30, 2022

8 criminal charges filed

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

9 complaints Latest complaint opened March 17, 2022

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

22 complaints Latest complaint opened September 7, 2022

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

40 complaints Latest complaint opened November 29, 2022

1 criminal charge 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)**

102 complaints Latest complaint opened November 28, 2022

Contractor J there was a $100,000 payout. The claimants only got 57.18% of their guaranty fund award.

Contractor G has a payout tomorrow. Two claims are denied. The claimants will get 100% of their guaranty fund awards.

Contractor L and Contractor M are expected to be paid out before the end of the year.

Contractor U was subject to emergency suspension on October 17, 2022. At the time of suspension they had 29 open complaints. Since that time, the Commission received 73 additional complaints. There are currently 102 complaints in the system against Contractor U. This contractor has made the local news. The Commission was told that they could expect up to 200 total complaints. There is an arbitration clause in the contract and it’s slowing down the process of getting the claims adjudicated. Commissioner Quackenbush asked what the average claim amount was and does the MHIC see the possibility of criminal action? Mr. Finneran said he could guess the average claim would be $20,000 plus because the size of the contracts. Contractor U installed in-ground pools so the size of the contracts will be higher. Criminal action is being considered. Mr. Sigman is meeting with the Consumer Protection Division of the Attorney General’s office to consider possible action. The Commission is in the process of assembling complaint files for the Consumer Protection Division’s review. Mr. Sigman said it could be possibly a civil action or a criminal action.

Contractor O has 42 complaints. There were 11 at the time of suspension and now there are 42 complaints. So far criminal charges were filed in 8 of the cases. There are more criminal charges pending.

Contractor R has 40 complaints. There have been 21 complaints received since their suspension date. Criminal charges were filed in two cases. The Commission does not see a pattern where this contractor is going out and entering into additional contracts without a license.

# **Review of the MHIC State Stats**

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| **SEPTEMBER 2022**  |
| **LICENSING ACTIVITY** |  |
| **Current Licenses Total** | 36,214 |
|  *Contractor/Salesperson* | 18,927 |
|  *Salesperson* | 2,520 |
|  *Contractor/Salesperson (Corp/Part)*  | 13,917 |
|  *Applications Approved* |  |
|  |  |
| **COMPLAINTS RECEIVED** |
| **Complaints Received**  | **179** |
|  *Licensed* | 119 |
|  *Unlicensed* | 60 |
| PendingShow Cause Hearings | **22** |
| Waiting to be sent to OAH | **2** |
| Pending Hearing/Decision at OAH | **11** |
| Mediation | 26 |
|  |
| **Claims** |
| Total Open Claims | **520** |
| New Claims Received | **37** |
| Small Claims Received | **0** |

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| **OCTOBER 2022**  |
| **LICENSING ACTIVITY** |  |
| **Current Licenses Total** | 36,401 |
|  *Contractor/Salesperson* | 18,997 |
|  *Salesperson* | 2,543 |
|  *Contractor/Salesperson (Corp/Part)*  | 14,008 |
|  *Applications Approved* | 126 |
|  |  |
| **COMPLAINTS RECEIVED** |
| **Complaints Received**  | **131** |
|  *Licensed* | 97 |
|  *Unlicensed* | 34 |
| PendingShow Cause Hearings | **22** |
| Waiting to be sent to OAH | **15** |
| Pending Hearing/Decision at OAH | **30** |
| Mediation | 25 |
|  |
| **Claims** |
| Total Open Claims | **491** |
| New Claims Received | **38** |
| Small Claims Received | **2** |

Mr. Finneran asked Ms. Deborah Irvin Cromwell to read the October and November 2022 PSI exams to the Commissioners. Mr. Irvin Cromwell read the PSI exams.

# **Review of the October & November 2022 PSI Results**

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| Below is the examination statistics summary for the month of October & November 2022October 2022 |
| **Home Improvement** | **Candidates Tested** | **Passed** | **Failed** | **Pass %** |
| Contractor | 139 | 99 | 40 | 71% |
| Contractor Spanish | 115 | 48 | 67 | 42% |
| Salesperson | 102 | 62 | 40 | 61% |
| Salesperson Spanish | 1 | 1 | 0 | 100% |
| **TOTAL** | **357** | **210** | **147** | **59%** |
| November 2022 |
| **Home Improvement** | **Candidates Tested** | **Passed** | **Failed** | **Pass %** |
| Contractor | 107 | 76 | 31 | 71% |
| Contractor Spanish | 106 | 41 | 65 | 39% |
| Salesperson | 76 | 48 | 28 | 63% |
| Salesperson Spanish | 0 | 0 | 0 | 0 |
| **TOTAL** | **289** | **165** | **124** | **57%** |

# **CITATION REPORT**

There were no citations for October or November 2022

# **Comments from the Chairman**

Mr. Tunney thanked everyone for being at the meeting. He wished everyone Happy Holidays.

**Comments from the Assistant Director**

Ms. Irvin Cromwell Informed the Commission that two new Investigators were recently hired. MHIC has a total of 9 Investigators. One started last week and the other started yesterday. The MHIC is fully staffed as far as the Investigators are concerned. The Commissioners were happy to hear this. Ms. Irvin Cromwell wished everyone a Happy Holiday. She thanked everyone for a wonderful year and she looks forward to seeing everyone next year.

# **Adjournment**

The meeting was adjourned at 10:43 a.m.

  **Signature on File December 1, 2022**

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

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