Maryland Home Improvement Commission

Business Meeting

Meeting Minutes

DATE: August 3, 2023

TIME: 10:00 AM

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

MEMBERS PRESENT: Joseph Tunney, *Chairman*

Robert Altieri, *Commissioner*

Lauren E. Lake, *Commissioner*

Chandler Louden, *Commissioner*

Michael Newton*, Commissioner*

Wm. Bruce Quackenbush*, Commissioner*

Michael Shilling, *Commissioner*

I. Jean White, *Commissioner*

STAFF PRESENT: David Finneran, *Executive Director*

Deborah Irvin Cromwell, *Assistant Director*

John Dove*, Commissioner*

Kausar Syed*, Deputy Commissioner*

Stanley Appel*, Investigator*

Lance Franklin*, Licensing Supervisor*

Adrienne Harlee, *Licensing Secretary*

Destiny Rogers, *Investigator’s Secretary*

Kimberly Rosenthal, *Administrative Officer*

Kenneth Sigman*, Assistant Attorney General*

Tenaea Thomas*, Panel Secretary*

OTHERS PRESENT: Eric Friedman

Daniel Meiselman

MEMBERS ABSENT: Heather Connellee, *Commissioner*

# **Meeting Called to Order**

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

# **Approval of the June 1, 2023 Minutes**

Commissioner White moved to approve the Minutes of the June 1, 2023, meeting, and Commissioner Shilling seconded it. All Commissioners approved.

# **Discussion and Vote on Fee Increases**

Mr. Finneran said that several factors led to the determination that the Commission should consider MHIC fee increases; including past and anticipated inflation, the need for an additional investigator and intake specialist, increases in Office of Administrative Hearings and Attorney General legal fees, employee salary and benefit increases, increased mileage expenses for investigators, the Commission’s upcoming relocation, higher office rent, and the anticipated upgrade of the O&P’s antiquated database system. He noted that the fees at issue before the Commission do not impact the Guaranty Fund, and that potential Guaranty Fund assessment increases would be considered at a later date. Mr. Finneran explained that the Commission likely would not be revising its fees again for another five years, so the fees should be increased enough to ensure the Commission’s revenue covers its expenses over that period.

Mr. Finneran presented a proposed schedule of new fees, all of which exceed current levels.

O&P Deputy Commissioner Kausar Syed discussed the Commission’s recent and anticipated operating expenses, indirect expenses, and revenue, and explained that the Commission’s revenue is variable and highly dependent on the license renewal cycle and the number of new contractor licenses issued and non-renewals each fiscal year. She projected that, without a fee increase, the Commission would have a budget deficit by Fiscal Year 2026. Chair Tunney noted that the home improvement business has been very strong recently but that high interest rates and other economic factors are causing a slowdown in the industry. Commissioner Altieri noted that labor costs are rising quickly, so employee compensation may have to be increased to retain and attract Commission staff. Commissioner White said the Commission should ensure it raises fees sufficiently to maintain operations. O&P Commissioner John Dove advised that, although the Department does not want to revisit fees again for another five years, another fee increase would be possible if necessary to facilitate the Commission’s important work.

Commissioner Quackenbush made a motion to recommend to the Secretary the fee increases proposed by Mr. Finneran. Commissioner Altieri seconded the motion. The motion was unanimously approved.

# **Guaranty Fund Activity Report**

The MHIC Guaranty Fund Activity Report dated July 21, 2023, is as follows:

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

Receipts $ 1,991,240.69

Disbursements

Claims ($2,190,338.62)

Refunds ($0.00)

Balance as of May 31, 2023 $4,251,877.52

Reserve

Anticipated Large Claims $750,000.00

FMIS Balance $4,251,877.52

Difference $0

**Prorated Claims Report - MHIC Business Meeting August 3, 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 Latest complaint opened March 30, 2023

24 criminal charges filed 4 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 Latest complaint opened March 21, 2023

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

46 complaints 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)**

154 complaints Latest complaint opened May 15, 2023

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

35 complaints Latest complaint opened March 30, 2023

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

7 complaints Latest complaint opened December 13, 2022

Contractor O There are 58 complaints total, no new complaints. 24 complaints are being charged criminally. MHIC Is working with the State's Attorney's office of Baltimore City on four pending criminal charges. They want to consolidate those charges and file them on MHIC's behalf. MHIC has honored their decision and is waiting for the State's Attorney's Office of Baltimore City to file the charges. The Contractor will likely exceed the $250,000 maximum cap.

Contractor R This Contractor has no new complaints. This Contractor has entered into an agreement with the Consumer Protection Division. They have already started adding money to reimburse the payouts. The Guaranty Fund has not paid out as of yet but the Consumer Protection Division has collected at least $300,000 from this Contractor to reimburse the fund when a payout occurs. There will be a $150,000 fine on top of the payouts. The MHIC expects for all the homeowners to get paid back in full. This Contractor has not been placed on the anticipated large claims report due to the substantial amount of money that's already been collected by the Consumer Protection Division.

Contractor U This Contractor is a large pool builder. There are no new complaints. The Consumer Protection Division is also reviewing for administrative action. There are no criminal charges so far.

Contractor V This Contractor will likely exceed the $250,000 cap. There are numerous criminal complaints.

There were no questions about the Anticipated Prorated Claims report.

# **Review of the June 2023 & July 2023 PSI Results**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Below are the examination statistics summary for the month of June 2023 & July 2023  June 2023 | | | | | |
| **Home Improvement** | | **Candidates Tested** | **Passed** | **Failed** | **Pass %** |
| Contractor | | 156 | 108 | 48 | 69% |
| Contractor Spanish | | 165 | 70 | 95 | 42% |
| Salesperson | | 104 | 63 | 41 | 61% |
| Salesperson Spanish | | 1 | 0 | 1 | 0% |
| **TOTAL** | | **426** | **241** | **185** | **57%** |
| July 2023 | | | | |
| **Home Improvement** | **Candidates Tested** | **Passed** | **Failed** | **Pass %** |
| Contractor | 147 | 99 | 48 | 67% |
| Contractor Spanish | 185 | 78 | 107 | 42% |
| Salesperson | 88 | 63 | 25 | 72% |
| Salesperson Spanish | 1 | 1 | 0 | 100% |
| **TOTAL** | **421** | **241** | **180** | **57%** |

There were no questions about this report.

# **Review of MHIC Statistics**

|  |  |
| --- | --- |
| **MAY 2023** | |
| **LICENSING ACTIVITY** |  |
| **Current Licenses Total** | 38,154 |
| *Contractor/Salesperson* | 19,679 |
| *Salesperson* | 2,794 |
| *Contractor/Salesperson (Corp/Part)* | 14,815 |
| *Applications Approved* | 268 |
|  |  |
| **COMPLAINTS RECEIVED** | |
| **Complaints Received** | **132** |
| *Licensed* | 83 |
| *Unlicensed* | 49 |
| PendingShow Cause Hearings | **29** |
| Waiting to be sent to OAH | **147** |
| Pending Hearing/Decision at OAH | **156** |
| Mediation | 51 |
|  | |
| **Claims** | |
| Total Open Claims | **589** |
| New Claims Received | **37** |
| Small Claims Received | **2** |

|  |  |
| --- | --- |
| **JUNE 2023** | |
| **LICENSING ACTIVITY** |  |
| **Current Licenses Total** | 38,305 |
| *Contractor/Salesperson* | 19,730 |
| *Salesperson* | 2,803 |
| *Contractor/Salesperson (Corp/Part)* | 14,895 |
| *Applications Approved* | 219 |
|  |  |
| **COMPLAINTS RECEIVED** | |
| **Complaints Received** | **115** |
| *Licensed* | 69 |
| *Unlicensed* | 46 |
| PendingShow Cause Hearings | **38** |
| Waiting to be sent to OAH | **169** |
| Pending Hearing/Decision at OAH | **194** |
| Mediation | 54 |
|  | |
| **Claims** | |
| Total Open Claims | **544** |
| New Claims Received | **33** |
| Small Claims Received | **6** |

# **CITATION REPORT**

**June 2023 Citation Report**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| June 2023 | | | | | |
| *Citation #* | ***Total $ Amount*** | ***Violations*** | ***Investigator*** | ***Due Date*** | ***Citation Date*** |
| 851 | $500.00 | N01 | W. Banks | 7/31/2023 | 6/.01/2023 |

**There are no citations for July 2023**

The Commissioners had no comment about the reports.

# **Comments from the Chairman**

Chairman Tunney thanked Commissioner Dove and Deputy Commissioner Syed and all of the Commissioners for the great meeting today. Mr. Tunney wished everyone a happy upcoming Labor Day.

**Comments from the Director**

MHIC recently hired Stanley (Scott) Appel as a Contractual Investigator. There is also a new Administrator position posted that will assist the Investigators and the Intake staff. That position will close on Monday.

Mr. Finneran also acknowledged AAG Ken Sigman, the MHIC advice counsel. Mr. Finneran wanted to recognize AAG Sigman for all his hard work and for doing a tremendous job for the Commission. The Commissioners all agree. Also Mr. Finneran thanked Commissioner Dove and Deputy Commissioner Syed for attending and adding their knowledge to the meeting.

# **Adjournment**

The meeting was adjourned at 11:08 a.m.

**Signature on File August 3, 2023**

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

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