

## 126th MAINE LEGISLATURE

## **FIRST REGULAR SESSION-2013**

**Legislative Document** 

No. 1328

S.P. 459

In Senate, April 3, 2013

### An Act To License Home Building and Improvement Contractors

Reference to the Committee on Labor, Commerce, Research and Economic Development suggested and ordered printed.

DAREK M. GRANT Secretary of the Senate

Presented by Senator PATRICK of Oxford.

Be it enacted by the People of the	ne State of Maine as follows:	
Sec. 1. 5 MRSA §12004-A	A, sub-§50 is enacted to read:	
<u>50.</u>		
Maine Home Contractor Licensing Board	Public Members Legislative Per Diem Other Members No Compensation Authorized	32 MRSA §15343
Sec. 2. 32 MRSA c. 134 is	s enacted to read:	
	CHAPTER 134	
MAINE HOME	E CONTRACTOR LICENSING	ACT
§15341. Short title		
This chapter may be known Act."	and cited as "the Maine Home	Contractor Licensing
§15342. Definitions		
As used in this chapter, unle have the following meanings.	ess the context otherwise indicate	es, the following terms
1. Applicant. "Applicant" license or a home contractor sales	means a person who applies for sperson.	or a home contractor's
2. Board. "Board" mean	ns the Maine Home Contractor	r Licensing Board as
3. Commissioner. "Comm Financial Regulation.	issioner" means the Commission	er of Professional and
	means an agreement between a salesperson to build a dwelling	
5. Department. "Departme Regulation.	nt" means the Department of Pro-	fessional and Financial
6. Dwelling. "Dwelling" me	ans any building that contains one	e or 2 dwelling units.
	elling unit" means a single unione or more persons, including pe	

1 2	<b>8. Employee.</b> "Employee" has the same meaning as provided in Title 26, section 591, subsection 1.
3 4	<b>9. Home contractor.</b> "Home contractor" means a person who undertakes, offers to undertake or submits a bid to:
5	A. Build a dwelling; or
6	B. Perform a home improvement.
7 8	"Home contractor" includes a person who is operating as a subcontractor for a home contractor in building a dwelling or performing a home improvement.
9 10 11 12	10. Home contractor salesperson. "Home contractor salesperson" means any person who negotiates or offers to negotiate a contract for home contractor services with an owner or who solicits or otherwise endeavors to procure by any means whatsoever, directly or indirectly, a contract for home contractor services from an owner.
13 14 15	11. Home contractor services. "Home contractor services" means those services, including home improvement, performed by a home contractor salesperson or a home contractor licensed under this chapter.
16	12. Home improvement. "Home improvement" includes, but is not limited to:
17 18 19	A. The repair, replacement, remodeling, removal, renovation, alteration, conversion, modernization, improvement, demolition, rehabilitation or sandblasting of or addition to any dwelling;
20 21	B. The construction, replacement, installation or improvement of buildings, garages, carports, porches, patios or decks, if their use is incidental to that of a dwelling; and
22 23 24	C. The removal, repair, replacement or installation of roofing, siding, insulation, solar energy systems, security systems, doors, windows or central heating or air conditioning systems.
25 26 27	13. License number. "License number" means a number issued by the board to a person who is issued a license to do business as a home contractor or a home contractor salesperson.
28 29 30	14. Maine Uniform Building and Energy Code. "Maine Uniform Building and Energy Code" means the uniform statewide building and energy code adopted by the Technical Building Codes and Standards Board pursuant to Title 10, chapter 1103.
31 32 33	15. Owner. "Owner" means any owner, lessee or any person who orders, contracts for or purchases home contractor services or the person entitled to enforce the performance of the work of a home contractor.
34	§15343. Board; organization
35 36 37	The Maine Home Contractor Licensing Board, as established in Title 5, section 12004-A, subsection 50, administers the provisions of this chapter to protect the public with respect to the practice of home contracting.

2	A. Two public members who are appointed by the Attorney General;
3 4	B. One home contractor licensed under this chapter who has at least 5 years of experience as a home contractor, appointed by the Governor;
5	C. One municipal code enforcement officer, appointed by the Governor;
6	D. One engineer or architect, licensed under this Title, appointed by the Governor;
7	E. One representative of the fire service in this State, appointed by the Governor; and
8 9	F. One representative of the property and casualty insurance business who is a resident of this State, appointed by the Governor.
10 11 12 13	2. Terms; removal. The term of office of each member is 4 years, and members are eligible for reappointment. If there is a vacancy for any cause, the appointing authority shall make an appointment immediately effective for the unexpired term. A member may be removed for cause by the member's appointing authority.
14 15 16	3. Meetings; quorum. The board shall meet at least once a year and at such other times as the board determines necessary. A majority of the members of the board constitutes a quorum for the transaction of business under this chapter.
17 18	<b>4. Election of officers.</b> The board shall annually elect a chair and other officers as the board determines necessary.
19	§15344. Rules
20 21 22	The board may establish guidelines and rules by which this chapter is administered. Except as otherwise indicated, rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A. The board may adopt rules:
23 24	1. Professional qualifications. To be applied in determining whether professional qualifications meet the license qualifications under this chapter;
25 26 27	2. License qualifications. Relating to the qualifications of an applicant for a license authorized under this chapter that ensure that an applicant is sufficiently trustworthy and competent to practice as a licensee under this chapter; and
28 29 30 31	3. Standards of practice. Consistent with the standards set forth in this chapter and the Maine Uniform Building and Energy Code governing the practice of home construction or home improvement and the sales of home contractor services in order to establish standards of practice that serve the public interest.
32	<u>§15345. Fees</u>
33 34 35 36	The Director of the Office of Professional and Occupational Regulation, pursuant to Title 10, section 8003, subsection 2-A, paragraph D, may establish by rule fees for purposes authorized under this chapter in amounts that are reasonable and necessary for those purposes, except that a fee may not exceed \$350 annually.

**1. Board membership.** The board consists of 7 members as follows:

# 1 <u>§15346. Duties; powers</u> 2 The board has the following duties and powers, in addition to those otherwise set

- 3 <u>forth in this chapter.</u>
  - 1. Consent agreements. The board may execute a consent agreement that resolves a complaint or investigation without further proceedings pursuant to Title 10, section 8003, subsection 5, paragraph B.
    - 2. Denial of license. The board may not refuse to issue or renew a license for a reason other than the failure to pay a required fee unless the applicant has been afforded an opportunity for an adjudicatory hearing consistent with the board's rules.
    - 3. Hearings. The board shall conduct hearings in accordance with Title 5, chapter 375, subchapter 4 to the extent applicable. The board after hearing may impose disciplinary sanctions pursuant to Title 10, section 8003, subsection 5, paragraph A-1. In addition, the board pursuant to Title 5, section 10004 may revoke or suspend a license.
- 4. Investigation. The board shall investigate or cause to be investigated all complaints made to the board and all cases of noncompliance with or violation of this chapter.
- 5. License qualification. The board shall evaluate a person's qualifications for licensure under this chapter.

#### §15347. Licensing; general qualifications

- 1. License required. A person who acts as a home contractor or home contractor salesperson must be licensed under this section. The board may grant the following licenses:
  - A. Home contractor; and

- B. Home contractor salesperson.
- 2. Applications. Applications for home contractor or home contractor salesperson licenses must be submitted to the board on forms prescribed and furnished by the board and must contain the information and be accompanied by the attachments required by rule of the board, together with the prescribed fee.
- **3. Criminal history information.** Pursuant to Title 5, chapter 341, the applicant shall provide criminal history record information.

#### §15348. Insurance

A licensee must have insurance covering personal injury arising as a result of licensed activities in an amount not less than \$300,000 per individual and \$500,000 per occurrence and insurance covering property damage arising as a result of licensed activities in an amount not less than \$50,000. The home contractor shall provide satisfactory evidence to the board at the time of registration and annual renewal that the insurance required by this section has been procured and is in effect.

#### §15349. Exemptions to licensing

- 2 <u>A license is not required under this chapter for a person who:</u>
  - 1. Home contractor; home contractor salesperson. Acts as a home contractor or home contractor salesperson, but who does not receive \$1,400 or more from any one owner in a calendar year;
    - **2. Labor; services.** Performs labor or services for a home contractor as an employee;
    - 3. Trade; profession. Holds a license for a trade or profession and who is acting exclusively within the scope of the profession for which the person is licensed;
  - 4. Representative. Is an authorized representative of the United States Government, the State or any incorporated municipality, county or other political subdivision of this State and is acting within the scope of that representative's authorization;
  - 5. Ownership interest. Performs work on a property in which that person has an ownership interest or is a lessee performing work on the lessee's leased property;
  - <u>6. Certified vocational school program.</u> Is a student enrolled in a certified vocational school program in which the student works under the direct supervision of a licensed home contractor;
- 7. Public utility. Is a public utility operating under the rules of the Public Utilities
  Commission in construction, maintenance or development work incidental to the public utility's business; or
  - **8.** Supplies; materials. Only furnishes materials, supplies or equipment without fabricating them or consuming them in the performance of the work of the home contractor.

#### §15350. License limitation

A license issued under this chapter may be issued to a person or a business entity. If the applicant is a corporation, partnership, limited liability company or other business entity, a qualifying natural person within the entity must be designated on the application and the entity's license must be terminated immediately if that individual no longer holds the qualifying relationship with the entity. If the applicant is a corporation, the qualifying natural person must be a responsible managing officer or a responsible managing employee who holds a license as a home contractor under this chapter. If the applicant is a partnership or other entity, the qualifying natural person must be a responsible general partner or a responsible managing employee who holds a license as a home contractor under this chapter.

#### §15351. Changes and circumstances

A licensee shall report a change of address or name or other material change in the condition or qualifications set forth in the original application no later than 10 days after

2	issued for the unexpired term of the current license if appropriate.
3	§15352. Denial of license
4	The board may deny a license if an applicant:
5 6	1. Fails to submit completed application. Fails to submit a completed application within 30 days after being notified of the materials needed to complete the application;
7 8 9	2. Untrustworthy; incompetent. Fails to provide satisfactory proof that the applicant is trustworthy and competent to conduct home improvement in a manner that safeguards the interests of the public;
10 11 12	3. Suspension or revocation of license. Has had a professional or occupational license suspended or revoked for disciplinary reasons or an application rejected for reasons relating to untrustworthiness within 3 years prior to the date of application; or
13 14	<b>4. Conviction of crime.</b> Is subject to disqualification based on the applicant's criminal record pursuant to Title 5, chapter 341.
15	§15353. Home contractor; license
16 17 18	1. Professional qualifications. An applicant for a home contractor license must have at least 2 years of trade experience or comparable educational training, as established by rules of the board under section 15344.
19 20 21	2. Examination. An applicant under this section must pass an examination approved and adopted by the board, which must include a test of proficiency in the Maine Uniform Building and Energy Code.
22 23 24 25 26 27	3. Waiver. The board may waive the requirements of subsections 1 and 2 for an applicant who for at least 3 years has held a valid license as a home contractor issued by a jurisdiction outside of the State if the board determines that the licensing requirements of the other jurisdiction are substantially similar to those of this State and the board in the other jurisdiction certifies that the licensee is in good standing. The out-of-state applicant is subject to all other requirements of this chapter.
28 29 30	4. Financial responsibilities. An applicant under this section must demonstrate proof of financial responsibility as determined by rule of the board. The applicant must file with the board information that includes, but is not limited to:
31 32	A. A complete statement of the general nature of the applicant's contracting business or the applicant's duties;
33 34	B. All outstanding judgments against the applicant in actions arising out of the field of home construction, home improvements or other construction work;
35 36	C. Any pending litigation that the applicant is involved in arising out of the field of home construction, home improvements or other construction work; and
37	D. Any file of a petition in bankruptcy.

the change. Upon proper notice, the board's records must be changed and a new license

- 5. Continuing education required. As a prerequisite to renewal of a home contractor's license, a licensee must complete continuing education requirements pursuant to rules adopted by the board; such rules must include education regarding the Maine Uniform Building and Energy Code.
  - 6. Renewal. A license issued under this section expires annually on December 31st or on a date the commissioner determines. The board shall issue a renewal license upon receipt of the written request for renewal, the annual fee and evidence of satisfactory completion of the continuing education requirement pursuant to subsection 5. Licenses may be renewed up to 90 days after expiration upon payment of a late fee in addition to the renewal fee. A person who submits an application for renewal more than 90 days after the license expiration date is subject to all requirements governing new applicants under this chapter.

#### §15354. Home contractor salesperson; license

- 1. Professional qualifications. An applicant for a home contractor salesperson's license must have at least 2 years of trade experience or comparable educational training, as established by rules of the board under section 15344.
- 2. Examination. An applicant under this section must pass an examination approved and adopted by the board, which must include a test of proficiency in the Maine Uniform Building and Energy Code.
- 3. Waiver. The board may waive the requirements of subsections 1 and 2 for an applicant who for at least 3 years has held a valid license as a home contractor salesperson issued by a jurisdiction outside of the State if the board determines that the licensing requirements of the other jurisdiction are substantially similar to those of this State and the board in the other jurisdiction certifies that the licensee is in good standing. The out-of-state applicant is subject to all other requirements of this chapter.
- 4. Financial responsibilities. An applicant under this section must demonstrate proof of financial responsibility as determined by rule of the board. The applicant must file with the board information that includes, but is not limited to:
  - A. A complete statement of the general nature of the applicant's contracting business or the applicant's duties;
  - B. All outstanding judgments against the applicant in actions arising out of the field of home construction, home improvements or other construction work; and
  - C. Any pending litigation that the applicant is involved in arising out of the field of home construction, home improvements or other construction work.
  - 5. Continuing education required. As a prerequisite to renewal of a home contractor salesperson's license, a licensee must complete continuing education requirements pursuant to rules adopted by the board; such rules must include education regarding the Maine Uniform Building and Energy Code.
  - 6. Renewal. A license issued under this section expires annually on December 31st or on a date the commissioner determines. The board shall issue a renewal license upon

2	completion of the continuing education requirement pursuant to subsection 5. Licenses
3	may be renewed up to 90 days after expiration upon payment of a late fee in addition to
4	the renewal fee. A person who submits an application for renewal more than 90 days
5	after the license expiration date is subject to all requirements governing new applicants
6	under this chapter.
7	§15355. Prohibited acts
8	The following acts are prohibited and are unfair trade practices.
9 10	1. Fraud. A person subject to this chapter may not commit the following fraudulen acts:
11 12 13	A. A substantial misrepresentation in the procurement of a home construction of home improvement contract or any false promise that influences, persuades of induces an owner to engage in a home construction or home improvement contract;
14 15	B. Any fraud in the execution or alteration of any contract, mortgage, promissory note or other document incident to a home improvement transaction;
16 17	C. Presentation of oneself falsely or impersonation of a licensed home contractor or home contractor salesperson;
18 19	D. Entrance into a home construction or home improvement contract with the intent of:
20	(1) Damaging the property of an owner;
21 22	(2) Doing work on the property of an owner without the owner's prior authorization;
23 24 25	(3) Misrepresenting that the home contractor or another person is an employee of agent of the Federal Government, the State, a political subdivision of the State of any other governmental agency or entity; or
26 27	(4) Misrepresenting that the supplier of building materials or another person is an employee or agent of any public or private utility;
28 29	E. Creation or confirmation of an owner's impression that is false and that the home contractor or home contractor salesperson does not believe to be true;
30 31	F. Promises of performance that the home contractor or home contractor salespersor does not intend to perform or knows will not be performed;
32 33	G. Use or employment of any deception, false pretense or false promise to cause are owner to enter into a home construction or improvement contract; or
34 35	H. Acting as a home contractor or home contractor salesperson under a name other than that stated on the home contractor or home contractor salesperson's license.
36	2. Licensure. A person subject to this chapter may not:
37	A. Misrepresent a material fact in obtaining or attempting to obtain a license;
38	B. Use or attempt to use a license that has expired or that has been revoked;

receipt of the written request for renewal, the annual fee and evidence of satisfactory

1 2	C. Offer to make or make any home construction or improvement without having a valid license under this chapter;
3 4 5	D. Advertise in any manner that a licensee is licensed under this chapter unless the advertisement includes an accurate reference to the appropriate current license number as prescribed by rule by the board; or
6 7 8 9	E. Aid or abet an unlicensed person to violate the provisions of this chapter or knowingly combine or conspire with an unlicensed person, allow one's license to be used by an unlicensed person or act as an agent, partner, associate or otherwise of an unlicensed person with intent to violate the provisions of this chapter.
10	3. Violation of rules. A person subject to this chapter may not:
11	A. Violate a rule adopted by the board;
12	B. Violate a requirement under this chapter; or
13	C. Fail to notify the board of a change of address within 10 days of the change.
14	4. Payment demands; taxes. A person subject to this chapter may not:
15 16	A. Demand or receive payment for home contractor services before the home improvement contract is signed; or
17	B. Fail to pay all taxes associated with home contracting and home contracting sales.
18	5. Negligence. A person subject to this chapter may not negligently:
19 20 21 22	A. Abandon or willfully fail to perform without justification any home construction or home improvement contract or project engaged in or undertaken by a contractor or deviate from or disregard plans or specifications in any material respect without the consent of the owners; or
23	B. Fail to perform under a home construction or home improvement contract.
24	§15356. Penalties; injunction
25 26	A person who violates section 15347 is subject to the provisions of Title 10, section 8003-C.
27	§15357. Grounds for disciplinary action
28 29 30	After a hearing pursuant to section 15346, subsection 3, the board may refuse to issue or renew any license or impose disciplinary sanctions pursuant to Title 10, section 8003 if the licensee is found to have committed one or more of the following:
31 32	1. Crime. A crime resulting in a conviction described in Title 5, section 5301, subsection 2;
33 34 35	2. Conduct. An act or conduct that constitutes deceit, misconduct, misrepresentation, fraud, incompetence or gross negligence in acting as a home contractor or home contractor salesperson;

1 2 3	3. False statement. Procuring or attempting to procure a license under this chapter by knowingly making a false statement, submitting false information or making a material misrepresentation in an application filed with the board;
4 5	<ul> <li>4. Aiding and abetting. Aiding and abetting a person in conduct that constitutes a violation of this chapter;</li> </ul>
6 7	5. Rule violation. Violating a rule adopted by the board or a provision of this chapter; and
8 9	6. Unprofessional practice. An act or conduct that constitutes or demonstrates unprofessional practice.
10	§15358. Required contract provisions
11 12	A home construction or home improvement contract is not valid or enforceable against an owner unless it:
13	1. Compliance. Is in compliance with Title 10, chapter 219-A;
14	2. Writing. Is in writing and legible;
15 16	3. Signed. Is signed by the owner and the home contractor or a home contractor salesperson on behalf of the home contractor;
17 18	4. Entire agreement. Contains the entire agreement between the owner and the home contractor;
19	5. Transaction date. Contains the date of the transaction;
20 21	6. Contractor data. Contains the name, street address and license number of the home contractor;
22 23	7. Start and complete dates. Contains the approximate starting date and completion date of the home construction or home improvement project;
24	8. Licensed contractor or salesperson. Is entered into with a licensee;
25 26	9. Notice. Provides a notice in at least 14-point bold capital typeface that gives the toll-free telephone number of the board and states:
27 28 29 30	"STATE LAW REQUIRES THAT HOME CONTRACTORS AND HOME CONTRACTOR SALESPERSONS BE LICENSED BY THE MAINE HOME CONTRACTOR LICENSING BOARD IF THE TOTAL PRICE OF THE JOB IS \$1,400 OR MORE, INCLUDING LABOR AND MATERIALS.
31 32 33 34 35	LICENSED HOME CONTRACTORS AND HOME CONTRACTOR SALESPERSONS ARE REGULATED BY LAWS DESIGNED TO PROTECT THE PUBLIC. YOU MAY CONTACT THE BOARD TO FIND OUT WHETHER THE HOME CONTRACTOR OR HOME CONTRACTOR SALESPERSON HAS A VALID LICENSE. THE BOARD HAS COMPLETE INFORMATION ON THE HISTORY OF LICENSED

3	IF YOU HAVE A COMPLAINT AGAINST A HOME CONTRACTOR OR HOME
4	CONTRACTOR SALESPERSON, YOU MAY CONTACT THE BOARD AT THE
5	TOLL-FREE NUMBER TO OBTAIN A COMPLAINT FORM AND FURTHER
6	INFORMATION. YOU MUST FILE ALL COMPLAINTS WITHIN 6 YEARS OF THE
7	DATE OF THE HOME CONSTRUCTION OR HOME IMPROVEMENT
8	CONTRACT.";
9	10. Description of work. Includes a description of the work to be performed and
10	the materials to be used and a set of specifications that cannot be changed without the
11	written approval of the owner:
12	11. Amount due. Includes the total amount due under the contract;
13	12. Down payment. Includes the amount of any down payment, which may not
14	exceed 1/3 of the total contract price;
15	13. Progress payments. Includes a schedule of all progress payments, if any
16	progress payments are required, showing the amount of each payment and the state of
17	completion of the work to be performed before the progress payment is made;
18	14. Release. Includes a statement that upon satisfactory payment being made for
19	any portion of the work performed, the home contractor shall, prior to any further
20	payment being made, furnish to the person contracting for the home construction or
21	improvement a full and unconditional release from any claim or mechanics lien for that
22	portion of the work being performed;
23	15. Copy of contract. Includes a notice in at least 14-point bold typeface that the
24	owner should not sign the contract if there are any blanks and that the owner is entitled to
25	a copy of the contract at the time the owner signs it;
26	16. Right of cancellation. Includes a notice of a 3-day right of cancellation;
27	17. Collateral. Includes a description of any collateral taken to secure the contract;
28	<b>18. Permits.</b> Informs the owner that it is the responsibility of the home contractor to
29	obtain all necessary permits to perform the work:
30	19. Subcontractors. Includes the names, license numbers and complete street
31	addresses of all subcontractors on the project;
32	20. Financing. Complies with all applicable state or federal credit laws if the
33	contract includes financing the work to be performed;
34	21. Recovery. Includes a statement that any holder of the contract is subject to all
35	claims and defenses that the owner could assert against the contractor and that recovery
36	may not exceed the total contract price; and
50	may not exceed the total contract price, and

CONTRACTORS, INCLUDING ANY SUSPENSIONS, REVOCATIONS,

COMPLAINTS AND RESOLUTIONS OF COMPLAINTS.

1 2 3	<b>22. Contract language.</b> Is written in both English and, if a language other than English is used in the negotiation or explanation of the contract or the work to be performed, the other language.
4	§15359. Prohibited contract provisions
5 6	The following provisions, if included in a home construction or home improvement contract, are void and unenforceable:
7	1. Hold harmless clause. A hold harmless clause;
8 9	2. Waiver. A waiver of federal, state or local health, life safety or building code requirements;
10	3. Judgment clause. A confession of judgment clause;
11 12	<b>4. Jury trial.</b> A waiver of any right to a jury trial in any action brought by or against the owner;
13 14 15	5. Remedies. A clause in which the owner relieves the home contractor from liability for any legal or equitable remedies that the owner may have against the home contractor under the contract or other instrument;
16	6. Arbitration clause. A mandatory arbitration clause;
17 18	7. Assignment. Any assignment of or order for payment of wages or other compensation for services;
19 20 21	<b>8. Payment; repossession.</b> A provision relieving the home contractor from liability for acts committed by the home contractor or the home contractor's agent in the collection of any payments or in the repossession of any goods;
22 23	<b>9. Claim.</b> A provision in which the owner agrees not to assert any claim or defense arising out of the contract;
24 25	10. Attorney's fees. A provision that the home contractor may be awarded attorney's fees and costs; and
26	11. Chapter provisions. A waiver of any provisions of this chapter.
27	<u>§15360. Permits</u>
28 29 30 31 32 33	A county, municipal or other governmental authority may not issue a permit for a home construction or home improvement to a home contractor unless the home contractor shows proof of licensure or proof of an exemption to licensure under this chapter. The permit must include the home contractor's license number or a statement of the reasons for exemption. The home contractor is responsible for obtaining all required permits to perform any home construction or home improvement.
34 35	Sec. 3. Terms of members of Maine Home Contractor Licensing Board. In order to provide staggered expiration dates of terms of the members of the Maine

2	chapter 134, the duration of initial terms of the members is as follows:
3	1. The representative of the fire service in this State for 2 years;
4	2. One public member for 3 years;
5	3. One public member for 4 years;
6	4. The insurance representative for 2 years;
7	5. The home contractor for 3 years;
8	6. The municipal code enforcement officer for 4 years; and
9	7. The engineer or architect for 2 years.
10	SUMMARY
11 12 13	This bill creates the Maine Home Contractor Licensing Act to establish licensing standards of practice and continuing education requirements for home contractors and home contractor salespersons.