

January 13, 2021

The Honorable Dereck E. Davis
House Economic Matters Committee
House Office Building, Room 231,
6 Bladen St., Annapolis, MD, 21401

RE: Support with Amendment of House Bill 408 (Business Regulation – Home Improvement Contracts – Payments)

Dear Chairman Davis:

The Maryland Building Industry Association, representing 1,100 member firms statewide, appreciates the opportunity to participate in the discussion surrounding **HB 408 - Business Regulation – Home Improvement Contracts – Payments**. MBIA Supports this bill with amendments.

MBIA supports HB 408 in principle but we believe that some amendments are necessary in order to prevent this measure from being an undue burden on Remodelers and small business owners. We respectfully request that the committee consider the following amendments.

MBIA requests that the requirement that a contractor be unable to receive full payment for a contracted work be limited to projects with an estimated expense of under \$10,000. Because large scale improvements often draw on client payments to cover the expense of materials, this requirement may artificially limit the scale of projects that can be undertaken despite the client and the builder having the technical and financial capability to complete them.

MBIA also suggests that language be added to implement a draw schedule, allowing clients and financiers to pay for work as it is being completed rather than limiting the total amount of money that can be withdrawn prior to project completion. This allows for clients to have control over when and how much money they spend while still requiring remodelers to make progress on a project prior to withdrawing additional funds. We suggest that the following language be appended to section 2- **Unless There Is a Draw Schedule That Is Agreed Upon by All Parties Prior to Start of the Project.**

MBIA respectfully requests the Committee adopt these amendments and give this measure a favorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the House Economic Matters Committee