MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

FIRST REGULAR SESSION-1997

Legislative Document

No. 1595

S.P. 512

In Senate, March 19, 1997

An Act to License Home Building Contractors.

Reference to the Committee on Business and Economic Development suggested and ordered printed.

JOY J. O'BRIEN Secretary of the Senate

Presented by Senator CATHCART of Penobscot. Cosponsored by Representative VIGUE of Winslow.

_	Be it enacted by the	e People of the State of Mail	ne as ionows:
2	Sec. 1. 3 M	RSA §959. sub-§1. ¶C. as	s amended by PL 1995, c.
4		is further amended by am	mending subparagraphs (48)
6	, ,		
8	(48) l and	Board of Licensing of D	Pietetic Practice in 2005;
10	(49) 2007 - ;		Health Care Providers in
12	Soc 2 2 MI	DCA 2050 cmb 21 40	
14			s amended by PL 1995, c. enacting subparagraph (50)
16			
	(50) I	Board of Home Building C	onstruction in 2007.
18	C. O PAT	TECA CIPI COLLA ST	
20			nded by PL 1995, c. 402, and the following enacted
22	*		
			arer of State from those
24			stitutes a fund for each
26			account for the payment of embers and the expenses of
20			relating to each board
28			d as may be required is
	appropriated for	these purposes. The s	ecretary of each board is
30			expenditures for books,
			y expenses incurred in the
32			All payments must be made state treasury, after the
34			o event may these payments
J *			easurer of State from the
36	treasurer of eac	ch respective board. Any	y balance remaining to the
			any year must be carried
38	forward to the ne	ext year.	
40	Sec. 4. 5 MR	RSA §12004-A, sub-§20-A is	s enacted to read:
42	20-A.	Public members -	32 MRSA
	Board of	Legislative Per Diem	<u>§14006</u>
44	Home Building	Other members - no	

Sec. 5. 10 MRSA $\S1487$, sub- $\S\S3$ and 5, as enacted by PL 1987, c. 574, are amended to read:

compensation authorized

Construction

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	3. MOLE dates. Both the estimated date of commencement of
2	work and the estimated date when the work will be substantially completed and the penalties incurred if these dates are missed;
4	
6	5. Payment. The method of payment, with the initial down payment being limited to no more than 1/3 of the total contract price and with a provision for withholding 10% of the final
8	payment for 10 days pending evaluation of the work;
10	Sec. 6. 10 MRSA §1487, sub-§11, as amended by PL 1989, c. 193, §1, is further amended to read:
12	11. Residential insulation. If the construction includes
14	installation of insulation in an existing residence, any disclosures required by chapter 219, Insulation Contractors; and
16 18	Sec. 7. 10 MRSA §1487, sub-§12, as enacted by PL 1989, c. 193, §2, is amended to read:
10	32) 15 dimended to redd.
20	12. Energy standards. A statement by the contractor that chapter 214 establishes minimum energy efficiency building
22	standards for new residential construction, and whether the new building or an addition to an existing building will meet or
24	exceed those standards, and
26	Sec. 8. 10 MRSA §1487, sub-§13 is enacted to read:
28	13. Certificates of insurance. A statement that the
30	<pre>contractor has insurance for workers' compensation, if required, and for general liability.</pre>
32	Sec. 9. 10 MRSA §1489, as enacted by PL 1987, c. 574, is repealed.
34	Sec. 10. 10 MRSA §1490-A is enacted to read:
36	\$1490-A. Civil actions
38	
40	A home construction contract is not enforceable by the contractor unless the contract conforms to the provisions of this chapter.
42	
44	Sec. 11. 10 MRSA $\$8001$, sub- $\$38$, $\P\PKK$ and LL, as enacted by PI 1995, c. 560, Pt. H, $\$4$ and affected by $\$17$, are amended to read:
46	KK. Board of Boiler Rules; and
48	LL. Board of Elevator and Tramway Safetyr; and

_	Sec. 12. 10 MRSA govor, Sub-930, Willy is enacted to read:
2	MM. Board of Home Building Construction.
4	rate Board of Home Buriding combergeous.
6	Sec. 13. 32 MRSA c. 124 is enacted to read:
	CHAPTER 124
8	HOME BUILDING CONSTRUCTION
10	\$14001. Definitions
12	Atana. Delinicions
14	As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.
16	1. Board. "Board" means the Board of Home Building
10	Construction.
18	
2.0	2. Commissioner. "Commissioner" means the Commissioner of
20	Professional and Financial Regulation.
22	3. Construct. "Construct" means to erect, reconstruct,
	demolish, alter, convert, repair, renovate, restore or remodel.
24	4. Department. "Department" means the Department of
26	Professional and Financial Regulation.
	<u>-</u>
28	5. Home. "Home" means a combination of materials, whether
30	portable or fixed, that comprises a structure affording facilities or shelter for use as a dwelling with 3 or fewer units
30	and garages, if any. "Home" does not mean manufactured housing
32	or mobile homes certified pursuant to the manufactured housing
	laws of the State.
34	
	6. Home building contractor. "Home building contractor"
3.6	means a person who independently, or through others, offers,
	submits a bid or undertakes to construct, as prime contractor, a
38	home other than the person's own home, requiring at least 2
	unrelated trades or skills.
40	
	7. Home construction supervisor. "Home construction
42	supervisor" means a person who supervises home construction.
44	8. Supervision. "Supervision" means to be present at some
	time on the site and to supervise and approve construction,
46	reconstruction, alterations, removal or demolition.
4.0	Prace Transfer Transf
48	§14002. License required

Effective January 1, 1999, unless specifically exempted by
this chapter, a person may not use the title, engage in the
business or act in the capacity of a home building contractor or
home construction supervisor unless licensed in accordance with
this chapter. An unlicensed contractor who builds a home for the
contractor's own use may not sell that home for one year from the
time of its completion. A person who violates this section
commits a Class D crime.

§14003. Violation

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A person who violates a provision of this chapter, other than section 14002, is guilty of a Class E crime. The State, including the board, may bring an action in Superior Court to enjoin a person from violating this chapter, regardless of whether proceedings have been or may be instituted in the Administrative Court or whether criminal proceedings have been or may be instituted. The board may bring legal action against unlicensed contractors in Superior Court for violation of section 14002.

Evidence of the securing of a building or construction permit from a governmental agency, the employment of a person on a building project, the offering of a bid to act as contractor or advertising as a home building contractor constitutes prima facie evidence of engaging in the business or acting in the capacity of a home building contractor.

\$14004. Civil actions

A contract for constructing a home is not enforceable by the contractor unless the contractor was properly licensed at the time the work was performed.

§14005. Other laws

The provisions of this chapter are in addition to other provisions of state law. If conflict exists, the law that is the more favorable to the consumer applies.

§14006. Board of Home Building Construction; establishment; compensation

- 1. Establishment. The Board of Home Building Construction, as established by Title 5, section 12004-A, subsection 20-A, is created within the Department of Professional and Financial Regulation to carry out the purposes of this chapter.
- 2. Members. The board consists of 9 members appointed by the Governor. Each member must be a citizen of the United States

	and a resident of the State. Members must be selected in a
2	manner that provides geographic representation of various parts
-	of the State. The qualifications of board members are as follows.
4	
	A. One member must be a person whose principal business is
6	the construction of homes.
8	B. One member must be a specialty contractor involved in
	only one construction trade who is not required to be
10	licensed under other laws of this State.
12	C. One member must be a real estate developer who contracts
	for the construction of homes but does not construct them.
14	D. One member must be an architect ligarised in the Chate
16	D. One member must be an architect licensed in the State.
10	E. One member must be an engineer licensed in the State.
18	D. One Member made be an engineer treemed in the beace.
	F. One member must be a subcontractor in the construction
20	of homes.
22	G. Three members must be members of the public who are not
	in the home construction business and whose parents, spouses
24	or children have no such involvement.
0.6	
26	3. Terms of office. Board members must be appointed for
28	terms of 3 years each, except that a person chosen to fill a vacancy may be appointed only for the unexpired term of the board
20	member to be succeeded. Upon the expiration of the term of
30	office, a board member continues to serve until a successor has
	been appointed and qualified. The Governor shall appoint a new
32	member within 30 days of the occurrence of a vacancy. A person
	may not be appointed for more than 2 full consecutive terms.
34	Upon expiration of a member's first term, the board shall
	recommend to the Governor whether the member should be
36	reappointed.
38	4. Removal. The Governor may remove a member of the board
10	for good cause, which includes malfeasance and neglect of duty.
40	A member who is subject to removal must be granted a hearing
42	before the Governor upon request.
44	5. Conflict of interest. A board member may not
44	participate in matters before the board in which the board member
~ 4	has a pecuniary interest, or any other conflict of interest.
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6. Compensation. Public members of the board are entitled to compensation as provided in Title 5, chapter 379.

7.	Meetin	nas:	quorum.	The	board	shall	hold	at	least	t 2
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Records. The board shall keep records and minimister mined necessary by the board. 5. Contracts. The board may enter into contracts that its responsibilities under this chapter.	8. Officers. The board shall select a chair, vice-class secretary at the end of its first meeting. These offices to be selected annually. 4007. Powers: duties The board has the following duties and powers in additional other powers and duties under this chapter. 1. Administration and enforcement. The board shall instead and enforce this chapter. 2. Rules. The board shall adopt rules necessary amounts and enforce this chapter. 2. Rules are the board shall adopt rules necessary amounts are the supported by information required the shapter II-A and must be supported by information required the section 9. Other rules, unless specifically excepted autine technical rules as defined in Title 5, chapter in the section actively oversee the practice of home build the section 14012, subsection 1 are being committed. 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for refusing to renew a license. The board may not refuse to renew a license unless the person who is refused the license is offered the opportunity for an adjudicatory hearing. These

hearings must be conducted in conformity with Title 5, chapter 375, subchapter IV.

- 7. Code of ethics and bill of rights. The board shall adopt by rule a code of ethics for home building contractors and a bill of rights for consumers. These must be made available at no cost to licensed home building contractors. The board shall adopt the code of ethics of a national home builders association if such exists, otherwise the board shall develop a code.
- 8. Register. The board shall make available to consumers at the cost of printing, handling and mailing a register of all contractors licensed with the board that contains information provided by the contractors at the time of licensing. The board shall determine what information from a contractor's financial statement may be released to the public. This register may be made available in editions that cover the State by geographic area and must be priced accordingly. The register must be revised at least biennially. The board shall widely publicize the availability of the register. The register must include the materials required by subsection 12.
 - 9. Budget. The board shall submit to the commissioner, as provided in Title 5, section 1665, a budget sufficient to carry out this chapter. The commissioner shall transmit this budget, together with any revisions, to the Department of Administrative and Financial Services, Bureau of the Budget. The commissioner shall inform the board in writing of the reasons for any revision to the board's budget.
 - 10. Fees. Within the limits set by law, the board shall set fees by rule for licensing and renewals that are sufficient, but no more than sufficient in the long term, to implement the provisions of law and of the rules adopted by the board, including the provisions of subsection 3.
 - 11. Report. No later than August 1st of each year, the board shall submit to the commissioner a report of its operations and financial position for the preceding fiscal year ending June 30th, together with comments and recommendations the board determines necessary. The report must include comments regarding the quality and quantity of employee assistance provided by the department and the Department of the Attorney General.
 - 12. Education. The board shall produce and distribute written material to educate the consumer and the home building contractor. This material must include a basic business practices guide for contractors. For consumers, it must:

	A. Include a description of the incensing program and its
2	significance;
4	B. Advice on obtaining references, including the ability to contact the board if desired, and the importance of
6	obtaining references;
8	C. A summary of the state law for home construction contracts;
10	D. The necessity and method for checking the quality of the
12	work;
14	E. Instructions regarding complaint procedures;
16	F. Instructions regarding situations when the newly constructed home is purchased from a 3rd party, not the
18	contractor; and
20	G. The existence of the Contractors Guaranty Fund.
22	These materials must be provided in sufficient quantity at no cost to licensed contractors. The board shall consult with the
24	commissioner, the state chapter of a national association of retired persons and the Department of Human Services, Bureau of
2628	Elder and Adult Services relative to implementing an education program targeted at the specific issues of the elderly regarding home construction.
30	§14008. Issuance of licenses
32	1. Application; qualifications. The board shall issue a license to any person who provides information that the board
34	requires on forms provided by the board and who, in the board's opinion, meets the qualifications for licensure as set out in
36	this section.
38	2. Home building contractor licenses. The board may issue the following licenses.
40	
42	A. A Class C license authorizes a person to apply siding, replace windows, reroof and engage in similar activities as the board may determine. To obtain a Class C license, the
44	applicant must:
46	(1) Show proof of at least a \$50,000 liability insurance policy; and
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50	(2) Pay a fee as adopted by the board, not to exceed \$100 per biennium.

2	B. A Class B license authorizes a person to perform home building construction that does not require a permit. To
4	obtain a Class B license, a person must:
6	(1) Submit evidence of experience under the supervision of the equivalent of a Class A home
8	building contractor for at least 4 years together with one certificate of satisfactory performance from the
10	supervising contractor on a form provided by the board; and
12	(2) Pay a fee as adopted by the board.
14	C. A Class A license authorizes a person to construct homes
16 18	as a home building contractor and to perform any of the functions authorized for a Class B or C license. To obtain a Class A license, a person must:
20	(1) Have 4 years of experience as a Class B home
22	building contractor, or the equivalent in another state, or successfully completed 2 years of construction education from an accredited institution
24	acceptable to the board or any combination of experience and education acceptable to the board. The
26	applicant must support the experience qualification with three certificates of satisfactory performance
28	from customers attesting to satisfactory performance on forms provided by the board; and
30	(2) Have successfully passed an examination indicating
32	minimal understanding of:
34	(a) General building principles, based on a national examination if one exists; and
36	(b) State laws and rules concerning home building.
38	The board shall accept evidence of minimal competence
40	as successful passage. In granting a license, the board shall make recommendations to the licensee as to
42	subjects to which continuing education should be directed, if test results indicate specific areas of
44	lesser knowledge;
46	(3) Provide proof of \$300,000 combined single limit liability insurance policy;
48	(4) Provide proof of workers' compensation insurance;
50	

	(5) Provide an audited financial statement indicating
2	at least \$15,000 in working capital;
4	(6) Provide a credit report indicating no outstanding
	<pre>past due debts;</pre>
6	
	(7) Provide proof of unemployment insurance or of
8	exemption from the laws that require unemployment
	insurance;
10	The second secon
	(8) Provide a signed tax statement acknowledging
12	payment of all federal, state and local taxes; and
14	(9) Provide a satisfactory bank reference.
16	D. To be licensed as a home construction supervisor, a
	person must meet the qualifications of subsection 2,
18	paragraph C, subparagraphs (1) and (2).
20	3. License; renewals. A license is valid for 2 years. The
	commissioner shall determine the date of expiration most
22	compatible with the workload of the department. A licensee
	seeking a renewal of a license shall update all information
24	provided in the original application on forms provided by the
	board including proof of current liability and workers'
26	compensation insurance and satisfactory credit and bank
_ •	references and a financial statement. The board shall mail
28	notice of expiration to the licensee's last known address at
	least 30 days in advance of the expiration of the license. The
30	board shall develop requirements for ensuring continuing
	competence. A continuing education requirement must include a
32	provision for determining satisfactory passage.
-	
34	4. Fees. The board shall establish application,
	examination, initial licensing and license renewal fees in
36	amounts that are necessary to implement and administer the
	licensing program, to provide the education materials specified
38	in this chapter, to produce the register of licensees, provide
	for adequate legal, investigative and inspection personnel on the
40	board's staff or that of the Attorney General, to ensure that
-0	violations are brought to the board's attention, complaints
42	investigated and all matters resolved in a timely fashion. In
	the event that adequate support is not provided by the Attorney
44	General, the board, contingent upon approval of the Attorney
4 1	General as required by Title 5, section 191, shall engage legal
46	counsel to advise the board generally and, specifically, to
±0	represent the board in hearings before it and in appeals taken
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from a decision of the board. The Attorney General may not deny

approval without providing reasons for doing so specific to the

particular situation. License fees for Class B and C licenses may not exceed \$250 per biennium. 2 \$14009. Consumer information 4 6 At the time of submitting a bid, a contractor must provide the potential customer with a copy of the consumer materials required by section 14007, subsection 12. A written 8 acknowledgement of receipt must be obtained at the time a contract is signed. 10 \$14010. Supervision 12 When any of the following functions are taking place on a 14 home construction site, supervision by the home building contractor or a home construction supervisor is required: 16 excavation; construction of the foundation; decking; chimneys; 18 rough framing; and finished framing. §14011. Enforcement 20 In the course of a municipal building inspector's regular 22 functions, the inspector shall inspect for construction practices that are a violation of section 14012, subsection 1 and report to 24 the board. If in the opinion of the board the activities of 26 these municipal inspectors are not sufficient to ensure that violations of this chapter are brought to the attention of the 28 board, the board shall take such action as necessary to remedy this situation, including budgeting for and requesting the commissioner to appoint state building inspectors. 30 32 §14012. Disciplinary action 1. Grounds. The board may refuse to renew, or may revoke 34 or suspend a license pursuant to Title 5, section 10004 or may 36 take other actions pursuant to Title 10, section 8003, subsection 5. These actions may be based on the following grounds: 38 A. Practicing fraud or deceit in obtaining a license under 40 this chapter;

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misconduct;

B. Engaging in conduct that shows a lack of ability to render a service owed the customer or a lack of knowledge or

C. Engaging in unprofessional conduct by violating the code of ethics adopted by the board or showing negligence or

ability to apply principles or skills of construction;

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	D. Failing or refusing without good cause to exercise
2	reasonable diligence in construction;
4	E. Abandoning a contract without legal cause;
6	F. Willfully or deliberately disregarding and violating the applicable building codes or ordinances of the State or its
8	subdivisions;
10	G. Having had a license, certification or registration in construction or a related field revoked or suspended in
12	another state, unless the period of revocation or suspension has been completed; or
14	H. Violating the provisions of this chapter or rules of the
16	board.
18	2. Procedure. Except as provided in Title 5, section 10004, a renewal of a license may not be denied or a license
20	revoked or suspended for the reasons in subsection 1, without prior written notice and opportunity for a hearing. The burden
22	of proof is on the board in a proceeding to deny a renewal of a license or to revoke or suspend a license. A renewal of a
24	license may not be denied or a license revoked or suspended under this section except by majority vote of the board.
26	3. Complaints. A person may file a complaint with the board
28	seeking disciplinary action against a person licensed by the board. If the board determines that a complaint alleges facts
30	that, if true, would require nonrenewal of a license or other disciplinary action, the board shall conduct a hearing pursuant
32	to the Maine Administrative Procedure Act. When the board establishes that a complaint does not state facts that warrant a
34	hearing, the complaint may be dismissed. A person making a complaint must be advised in writing of each formal decision made
36	by the board regarding that complaint.
38	An individual whose renewal of a license has been denied or whose
40	license has been suspended or revoked may apply to the board for reinstatement one year after the date of the board's original
42	action. The board may set requirements for relicensure.
44	§14013. Nonresident license
	An applicant for a license under this chapter who is not a
46	resident of the State shall submit with the application an
48	irrevocable consent that service of process on the applicant may be made by delivery of the process to the commissioner if, in an
	action against the applicant in a court of the State arising out

State, the plaintiff may not, in the exercise of due diligence, effect personal service upon the applicant.

§14014. License numbers

A license number must be assigned to a successful applicant for a home building contractor's license. The licensed home building contractor shall use this number in all advertising, promotional literature, correspondence, contracts and receipts for client payment. Advertising or promotion of home building services in any form by an unlicensed contractor is prohibited. A municipality may not issue a building permit to a home building contractor or home building supervisor without evidence that the applicant is a licensed home building contractor or that the home building supervisor is an agent for a home building contractor on the permitted project. The municipality shall put the applicant's license number on the permit.

\$14015. Employees

The commissioner shall appoint, subject to the Civil Service Law and with the advice of the board, employees as are necessary to carry out this chapter. A person so employed is in the department and under the administrative and supervisory direction of the commissioner.

Upon the request of the board and provision of funding, the commissioner shall arrange for state-approved building inspectors to inspect for violations of this chapter. The commissioner may accomplish this through appointment, contracting or sharing the service of an inspector of another state agency who is qualified to inspect homes.

State building inspectors have the right of entry during usual business hours to inspect any and all homes in the performance of their duties. They may enter a home only with the permission of the owner, occupant or person having control of the building or pursuant to an order of court.

Sec. 14. Grandfathered home building contractors. A person who as of the effective date of this Act has been engaged as a home building contractor for at least 3 years and submits evidence of completing 5 houses or 10 remodeling projects during that time, submits 5 certificates of recommendation by either consumers or financial institutions on forms provided by the board, passes the license examination required by the Maine Revised Statutes, Title 32, section 14008, subsection 2, paragraph C, subparagraph (2) no later than 6 months after licensing, and shows proof of a \$300,000 liability insurance policy is qualified for the purpose

of licensure under the Maine Revised Statutes, Title 32, section 14008 and upon payment of the fee adopted by the board must be issued a Class A license.

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Sec. 15. Timetable. The Governor shall make initial appointments to the Board of Home Building Construction established by the Maine Revised Statutes, Title 5, section 12004-A, subsection 20-A by December 15, 1997. Of the first board members, the Governor shall appoint 2 for a term of one year, 2 for a term of 2 years and 5 for terms of 3 years. commissioner shall call the first meeting of the board by January 30, 1998 and shall act as chair until a chair is selected.

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Sec. 16. Working capital advance. The State Controller is authorized to advance to the Department of Professional and Financial Regulation, Board of Home Building Construction, \$100,000 from the General Fund Unappropriated Surplus. These funds will be used to provide the working capital advance necessary to fund the start-up costs of the board until the receipt of its own dedicated funding from license fees. Funds advanced for this purpose must be returned to the General Fund Unappropriated Surplus no later than June 30, 1998.

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SUMMARY

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This bill establishes the Board of Home Building Construction to oversee the licensing οf home building contractors and home construction supervisors. The board shall materials for available educational contractors consumers, including a bill of rights, procedures for dealing with contractors and a listing of licensed contractors that includes appropriate information from the contractors' application forms.

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In accordance with the Maine Revised Statutes, Title 5, section 12015, any joint standing committee recommending passage of this bill is required to submit to the Legislature a written report to support the recommendation that home building contractors and home construction supervisors be subject to state regulation.