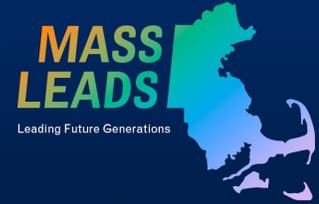


AN ACT RELATIVE TO STRENGTHENING MASSACHUSETTS' ECONOMIC LEADERSHIP



MAURA T. HEALEY
GOVERNOR

KIM DRISCOLL
LIEUTENANT GOVERNOR

YVONNE HAO
SECRETARY OF ECONOMIC DEVELOPMENT

Home Improvement Contractor Program

Introduction: Increasing Consumer Access and Expanding Enforcement Capabilities to Better Protect the Public

The Office of Consumer Affairs and Business Regulation (OCABR) registers home improvement contractors (HIC) that solicit, bid on, or perform residential contracting as a contractor or subcontractor on existing one-to-four-unit owner occupied residential properties. OCABR also arbitrates disputes between eligible parties to resolve issues arising from contracts and compensates consumers up to \$10,000 for unpaid judgments against contractors through the HIC Guaranty Fund. Finally, OCABR administers a complaint process whereby contractors can be disciplined for violations of law. The HIC program requires the following statutory updates to better protect consumers and reflect the increased costs of construction.

Expand Consumer Access to the Arbitration Program and the Guaranty Fund

- **Increase the statute of limitations for filing an arbitration claim from two (2) to five (5) years from the date the home improvement contract is signed:** Homeowners oftentimes are not aware of issues arising from a home improvement project until well after the current two-year limitation and some projects go beyond two years, especially if there are supply issues, or other unforeseen delays.
- **Allow homeowners to access the Guaranty Fund without a court judgment:** Homeowners are currently required to convert an arbitration award into a court judgment before accessing the Guaranty Fund, creating unnecessary barriers and delays, and adding unnecessary costs. The proposed change would allow an arbitration award to be sufficient for a homeowner to access the Guaranty Fund. This will simplify procedures and allow an award to be sent to a homeowner in a more efficient and timely manner.
- **Revise the timeframe and standard for a homeowner to file a claim with the Guaranty Fund:** Currently, upon a court judgment or arbitration award, a homeowner has *ONLY* six (6) months to exhaust all reasonable and customary efforts to collect a judgment or award before applying to the fund or be barred from submitting a claim. Eliminating this six-month timeframe and collecting requirement will provide homeowners with a fair and just process to access the fund.

Increase the Maximum Payable Amount from the Guaranty Fund

- The HIC Guaranty Fund cap of \$10,000 was established in 1992. For the last two fiscal years, home improvement contracts that are not performed according to statutory and regulatory

An Act Relative to Strengthening Massachusetts' Economic Leadership: HIC

- requirements have led to actual losses for homeowners higher than the \$10,000 payout limit. Increasing the limit to \$25,000 will allow a complete payout for most homeowner claims.
- This change will align payouts with inflation and more effectively compensate homeowners for their actual losses.

Expand Enforcement Capabilities and Allow for Negotiated Settlements

- Allow OCABR to discipline when a registrant is disciplined in another state and to permit OCABR to enter into disciplinary consent agreements with registrants, which will speed up enforcement and save resources by bypassing adjudicatory hearings.
- This expansion will align OCABR with other professional oversight agencies such as the Division of Occupational Licensure and the Department of Public Health.

Improve Access, Equity, and Inclusion

- In general, Massachusetts' contractor population is well-represented by immigrant and first-generation business owners and these statutory changes level the playing field for those registered in the HIC program.
- OCABR programs work to lower barriers to dispute resolution through arbitration, which presents a more equitable path to resolution for all communities.
- H2 will enable OCABR to continue increasing its number of arbitrators, which will expand consumer access to dispute resolution.

A Key Component of the Economic Development Bill

Home improvement is an important part of economic activity in the Commonwealth. Home improvement registration helps to establish standards and can assist homeowners in finding contractors who are expected to adhere to these standards. By expanding its enforcement capabilities, OCABR is better able to regulate the profession and act more efficiently and timely. This helps to ensure that consumers are protected from bad actors and can use their money to make actual improvements to their property. In addition, increasing homeowner access to both the arbitration program and the Guaranty Fund will provide some comfort and protection to homeowners who seek home improvement contracting, which may increase the actual economic activity in this area.