

IN THE MATTER OF THE CLAIM	* BEFORE KATLYN L. HODGES,
OF ROBERT HAUF,	* AN ADMINISTRATIVE LAW JUDGE
CLAIMANT	* OF THE MARYLAND OFFICE
AGAINST THE MARYLAND HOME	* OF ADMINISTRATIVE HEARINGS
IMPROVEMENT GUARANTY FUND	*
FOR THE ALLEGED ACTS OR	*
OMISSIONS OF KEVIN REDDING,	*
T/A KEVIN REDDING &	* OAH No.: LABOR-HIC-02-24-11028
ASSOCIATES, LLC	* MHIC No.: 24 (75) 452
RESPONDENT	*

\* \* \* \* \*

**PROPOSED DECISION**

STATEMENT OF THE CASE  
ISSUES  
SUMMARY OF THE EVIDENCE  
PROPOSED FINDINGS OF FACT  
DISCUSSION  
PROPOSED CONCLUSIONS OF LAW  
RECOMMENDED ORDER

**STATEMENT OF THE CASE**

On January 30, 2024,<sup>1</sup> Robert Hauf (Claimant) filed a claim (Claim) with the Maryland Home Improvement Commission (MHIC)<sup>2</sup> Guaranty Fund (Fund) for reimbursement of \$10,280.00 for actual losses allegedly suffered as a result of a home improvement contract with Kevin Redding, trading as Kevin Redding & Associates, LLC (Respondent). Md. Code Ann., Bus. Reg. §§ 8-401 to 8-411 (2015 & Supp. 2024).<sup>3</sup> On April 15, 2024, the MHIC issued a

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<sup>1</sup> The claim form was signed on January 23, 2024, but not received until January 30, 2024.

<sup>2</sup> The MHIC is under the jurisdiction of the Department of Labor (Department).

<sup>3</sup> Unless otherwise noted, all references to the Business Regulation Article are to the 2015 Volume of the Maryland Annotated Code.

Hearing Order on the Claim. On April 15, 2024, the MHIC forwarded the matter to the Office of Administrative Hearings (OAH) for a hearing.

On August 2, 2024, I held a hearing at the OAH in Hunt Valley, Maryland. Bus. Reg. §§ 8-407(a), 8-312. Ernie Dominguez, Assistant Attorney General, represented the Fund. The Claimant was self-represented.

On May 29, 2024, the OAH provided a Notice of Hearing (Notice) to the Respondent by certified mail and first-class mail. Bus. Reg §§ 8-312(d), 8-407(a); Code of Maryland Regulations (COMAR) 28.02.01.05C(1). The Notices were sent to the Respondent's address of record in Berlin, Maryland. The Notices stated that a hearing was scheduled for August 2, 2024, at 9:30 a.m., at the OAH in Hunt Valley, Maryland. COMAR 09.08.03.03A(2). The Notice further advised the Respondent that failure to attend the hearing might result in "a decision against you." The Notice sent by certified mail was returned to the OAH on July 5, 2024, with the notation "no mail receptacle." The Notice sent by first-class mail was not returned.

The Respondent did not notify the OAH or the Fund of any change of mailing address. COMAR 28.02.01.03E. The address the Notice was sent to is the same address listed as the Respondent's trade address with the Fund. *See* Md. Code Ann., Bus. Reg. § 8-309 ("Within 10 days, a licensee shall notify the [MHIC] of a change of control in ownership, management, address, or trade name.").

I confirmed with a Clerk at the OAH that the Respondent did not call to indicate any difficulties in appearing at the OAH and did not file a request for a postponement. COMAR 28.02.01.16. After waiting fifteen minutes for the Respondent or the Respondent's representative to appear, I proceeded with the hearing. Applicable law permits me to proceed with a hearing in a party's absence if that party fails to attend after receiving proper notice.

COMAR 28.02.01.23A. I determined that the Respondent received proper notice, and I proceeded to hear the captioned matter. COMAR 28.02.01.05.

The contested case provisions of the Administrative Procedure Act, the Department's hearing regulations, and the Rules of Procedure of the OAH govern procedure. Md. Code Ann., State Gov't §§ 10-201 through 10-226 (2021 & Supp. 2023); COMAR 09.01.03; COMAR 28.02.01.

### **ISSUES**

1. Did the Claimant sustain an actual loss compensable by the Fund as a result of the Respondent's acts or omissions?
2. If so, what is the amount of the compensable loss?

### **SUMMARY OF THE EVIDENCE**

I have attached a complete Exhibit List as an Appendix.

#### **Testimony**

The Claimant testified and did not present other witnesses.

The Respondent failed to appear.

The Fund did not present any witnesses.

### **PROPOSED FINDINGS OF FACT**

I find the following facts by a preponderance of the evidence:

1. At all times relevant to the subject of this hearing, the Respondent was a licensed home improvement contractor under MHIC license number 01-116298 as a sole proprietor.
2. On April 5, 2021, the Claimant and the Respondent entered into a contract to install a new roof, including shingles, felt, ridge caps, gutters and soffit, and to make necessary inspection and repairs to roof decking and framing as needed (Contract).

3. Under the Contract, the Respondent agreed to perform the following work:
  - Remove and replace “35 sq using Timber line HD2 (Hickory) or better. (Burnt Sienna)”
  - Felt paper
  - Ridge vent
  - Drip edge
  - Debris removal
  - All soffit, fascia metal, gutter, and downspouts
  - Shed included “(Cupula (see customer))”
4. The original agreed-upon Contract price was \$20,000.00.
5. In total, the Claimant paid the Respondent \$22,500.00 towards the Contract, as follows: \$7,000.00 via check dated April 5, 2021; \$7,000.00 via check dated April 6, 2021; \$6,000.00 via check dated April 8, 2021; and \$2,500.00 via check dated April 19, 2021.
6. The last payment of \$2,500.00 made on April 19, 2021, was for “price overrides” during the Contract. Although the Claimant requested a list of the overrides, the Respondent did not provide it to the Claimant.
7. The Respondent completed the work in April 2021 and left a clean worksite.
8. In November 2021, the soffit under the front porch roof detached from the roof and began to sway in the wind causing a loud noise.
9. On November 6, 2021, the Claimant sent a text message to the Respondent regarding the detached soffit and continued to send text messages in April and May 2022 with no meaningful response from the Respondent.
10. On May 3, 2022, the Respondent requested the Claimant send pictures of the soffit, which the Claimant sent the same day.

11. On June 24, 2022, the Respondent came to the Claimant's home and applied stain to the Claimant's deck, which appeared to be under a separate agreement between the parties.<sup>4</sup> The Respondent did not repair the soffit that day.

12. On November 8, 2022,<sup>5</sup> the Claimant reached out to the Respondent again regarding repair of the soffit, and the Respondent indicated "Ok, I'll be in touch." Clmt. Ex. 5C.

13. On December 5, 2022, the Respondent indicated he would send a crew to the Claimant's home to do the repairs; however, no crew came.

14. On March 8, 2023, the Claimant sent another text message to the Respondent to alert him that the soffit had become detached from the porch bulkhead, but the Claimant did not receive a reply from the Respondent.

15. On March 17 and March 23, 2023, the Claimant sent emails to the Respondent regarding his disappointment in the lack of response and that he was going to move forward with a new contractor to repair the soffit.

16. The Respondent replied to the Claimant on March 23, 2023, indicating he was going through some hardships, and stated, "I'm sorry I didn't answer you because I had no answers to give you." Clmt. Ex. 5I.

17. On March 17, 2023, the Claimant received an estimate from Arocon Roof Techs to repair and replace the soffit on the Claimant's front porch for \$2,865.00 and separately to install a solar roof fan for \$1,500.00. The estimate did not include any repairs to the Claimant's front porch roof, as included in the Contract with the Respondent.

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<sup>4</sup> No testimony was offered regarding how the Claimant and the Respondent knew one another; however, in the email the Claimant sent to the Respondent on March 23, 2023, the Claimant states "Because of the past working relationship and friendship with your father I took the opportunity at trying to make your company a success." Clmt. Ex. 5I.

<sup>5</sup> No testimony or evidence was offered regarding any communication the parties had between June 24, 2022, and November 8, 2022.

18. On March 22, 2023, the Claimant received a second estimate from Bealing Roofing Exteriors (Bealing), a licensed contractor in Maryland, who determined that the work completed by the Respondent had failed and need to be corrected, as detailed in the terms of the estimate. Clmt. Ex. 7A.

19. The Respondent did not properly secure the soffit, as there were no nails in multiple sections, supports were missing to adhere the soffit, the soffit lacked fasteners, and the ridge venting was inadequate.

20. On March 22, 2023, the Claimant entered into a contract with Bealing, which included the following:

- Remove all the existing soffit and fascia from the existing house
- Install new framing on the front porch to create an extended beam
- Install new Full Vented Invisivent soffit on the entire perimeter of house
- Install new aluminum fascia metal on the entire perimeter of the house
- Install new aluminum solid soffit on the underside of front porch
- Reinstall the existing gutters
- Install new OC Vent sure and OC Proedge ridge vent on all ridges
- Install new lifetime pipe boots on 2 roof penetrations
- Install new metal on the center post of sunroom<sup>6</sup>
- Clean and dispose of all debris

Clmt. Ex. 7A.

17. The original contract price with Bealing was \$9,800.00. The Claimant paid Bealing \$10,280.00<sup>7</sup> for the work that was completed, which was done in March 2023.

## **DISCUSSION**

### **Legal Framework**

The Claimant has the burden of proving the validity of the Claim by a preponderance of the evidence. Bus. Reg. § 8-407(e)(1); State Gov't § 10-217 (2021); COMAR 09.08.03.03A(3). To prove a claim by a preponderance of the evidence means to show that it is "more likely so

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<sup>6</sup> The new metal on the center post of the sunroom was not included in the Contract with the Respondent; however, the Claimant testified he was not sure that Bealing charged for this line item.

<sup>7</sup> No testimony was provided regarding the change in the contract price from \$9,800.00 to \$10,280.00.

than not so” when all the evidence is considered. *Coleman v. Anne Arundel Cnty. Police Dep’t*, 369 Md. 108, 125 n.16 (2002).

An owner may recover compensation from the Fund “for an actual loss that results from an act or omission by a licensed contractor.” Bus. Reg. § 8-405(a) (Supp. 2024); *see also* COMAR 09.08.03.03B(2) (“The Fund may only compensate claimants for actual losses . . . incurred as a result of misconduct by a licensed contractor.”). “[A]ctual loss’ means the costs of restoration, repair, replacement, or completion that arise from an unworkmanlike, inadequate, or incomplete home improvement.” Bus. Reg. § 8-401. For the following reasons, I find that the Claimant has proven eligibility for compensation.

#### **Eligibility for Compensation**

The evidence in this case establishes there are no legal impediments barring the Claimant from filing a claim under section 8-405 of the Business Occupations Article. The Claim was timely filed, there is no pending court claim for the same loss, and the Claimant did not recover the alleged losses from any other source. Bus. Reg §§ 8-405(g), 8-408(b)(1) (2015 & Supp. 2024): The Claimant resides in the home that is the subject of the Claim and does not own more than three dwellings. *Id.* § 8-405(f)(2) (Supp. 2024). The parties did not enter into a valid agreement to submit their disputes to arbitration. *Id.* §§ 8-405(c), 8-408(b)(3) (2015 & Supp. 2024). The Claimant is not a relative, employee, officer, or partner of the Respondent, and is not related to any employee, officer, or partner of the Respondent. *Id.* § 8-405(f)(1) (Supp. 2024).

The Claimant argued, and the Fund agreed, that the Claimant suffered an actual loss incurred as a result of the Respondent’s acts or omissions, entitling him to compensation from the Fund. Specifically, the Claimant argued that, despite the Respondent installing a new roof and soffit, the Respondent’s work was unworkmanlike and inadequate. Within months after the Respondent completed the work, the newly installed soffit detached from the bulkhead of the front porch. The Claimant provided multiple photographs that show the soffit on the underneath

of the front porch separating from the bulkhead. *See* Clmt. Exs. 8A, 8B, 8B1, 8B2, 8C, 8G, 8H, 8I, and 8J.<sup>8</sup> The Claimant reached out to the Respondent multiple times from November 2021 to March 2023, and although the Respondent indicated he would send a crew or he would come and repair the soffit, he did not. In March 2023, in response to an email from the Claimant, the Respondent apologized to the Claimant, indicating he did not respond to the Claimant because “I had no answers to give you.” Clmt. Ex. 5I.

The Claimant, frustrated with the lack of response from the Respondent, received two estimates, and eventually entered into a contract with Bealing to repair and replace the work completed by the Respondent. *See* Clmt. Exs. 7, 7A-B. When Bealing did an inspection of the Respondent’s work, Bealing indicated the work had failed. The soffit was not properly secured, as there were no nails in multiple sections, supports were missing to adhere the soffit, the soffit lacked fasteners, and the ridge venting was inadequate. *Id.* The Claimant testified that Bealing indicated without proper ridge venting, the shingles installed by the Respondent would deteriorate before the twenty-five-year guarantee.

The Claimant provided photographs of the underneath of the porch roof when Bealing removed the soffit installed by the Respondent. The Respondent had not added any beams to which he could secure the soffit. *See* Clmt. Ex. 8J. The Claimant also provided a photograph after the work was completed by Bealing of the underneath of the porch roof, which showed multiple beams added to which the soffit was secured. *See* Clmt. Ex. 8K. Additionally, the Claimant provided multiple photographs taken on July 5, 2024, more than a year after Bealing completed the repairs, which show the soffit and roof are still in good condition. *See* Clmt. Exs. 9A, 9B, 9C, and 9D. The contract between the Claimant and Bealing reflects the multiple repairs

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<sup>8</sup> The Claimant was unsure of the specific date these photographs were taken; however, it was after November 2021, but before March 2023.



required and demonstrates that the Respondent installed the roof and soffit in an unworkmanlike and inadequate manner. *See* Clmt. Exs. 7, 7A-B.

The Claimant's testimony and evidence is unrefuted and persuasively demonstrates that the Respondent performed unworkmanlike and inadequate home improvement. The Claimant established that he suffered an actual loss as a result of this unworkmanlike and inadequate home improvement. I thus find that the Claimant is eligible for compensation from the Fund.

### Award

Having found eligibility for compensation I must determine the amount of the Claimant's actual loss and the amount, if any, that the Claimant is entitled to recover. The Fund may not compensate a claimant for consequential or punitive damages, personal injury, attorney fees, court costs, or interest. Bus. Reg. § 8-405(e)(3) (Supp. 2024); COMAR 09.08.03.03B(1). MHIC's regulations provide three formulas to measure a claimant's actual loss, depending on the status of the contract work.

The Respondent performed some work under the Contract, and the Claimant retained other contractors to complete or remedy that work. Accordingly, the following formula appropriately measures the Claimant's actual loss:

If the contractor did work according to the contract and the claimant has solicited or is soliciting another contractor to complete the contract, the claimant's actual loss shall be the amounts the claimant has paid to or on behalf of the contractor under the original contract, added to any reasonable amounts the claimant has paid or will be required to pay another contractor to repair poor work done by the original contractor under the original contract and complete the original contract, less the original contract price. If the Commission determines that the original contract price is too unrealistically low or high to provide a proper basis for measuring actual loss, the Commission may adjust its measurement accordingly.

COMAR 09.08.03.03B(3)(c). The Claimant submitted proof that he paid the Respondent \$22,500.00 under the Contract. *See* Clmt. Exs. 4B, 4C, 4D, and 4E. This amount is then added to the amount the Claimant has paid to another contractor to repair the poor work done by the

Respondent. The Claimant paid Bealing \$10,280.00 to repair and replace the unworkmanlike and inadequate work of the Respondent. *See* Clmt. Ex. 7C. The contract provided by Bealing encompasses the work contained in the Contract with the Respondent, except for installing new metal on the center post of the sunroom, which the Claimant testified he did not believe Bealing charged him to do. The Claimant argued, and the Fund agreed, that the Claimant is entitled to reimbursement; however, the Claimant requested he be reimbursed \$10,280.00, which is the amount the Respondent paid to Bealing. The Fund recommended the Claimant be awarded \$12,780.00.<sup>9</sup> I agree. The award is calculated as follows:

Amount paid under original contract:	\$22,500.00
+ Amount paid to repair poor work done by original contractor:	<u>\$10,280.00</u>
	\$32,780.00
(-) Original contract price:	<u>\$20,000.00</u>
	\$12,780.00

COMAR 09.08.03.03B(3)(c).

Effective July 1, 2022, a claimant's recovery is capped at \$30,000.00 for acts or omissions of one contractor, and a claimant may not recover more than the amount paid to the contractor against whom the claim is filed.<sup>10</sup> Bus. Reg. § 8-405(e)(1), (5) (Supp. 2024);

COMAR 09.08.03.03B(4). In this case, the Claimant's actual loss is less than the amount paid to the Respondent and less than \$30,000.00. Therefore, the Claimant is entitled to recover his actual loss of \$12,780.00.

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<sup>9</sup> The Fund argued that this calculation applied because the Claimant hired a new contractor to repair the Respondent's work.

<sup>10</sup> On or after July 1, 2022, the increased cap is applicable to any claim regardless of when the home improvement contract was executed, the claim was filed, or the hearing was held. *See Landsman v. MHIC*, 154 Md. App. 241, 255 (2002) (explaining that the right to compensation from the Fund is a "creature of statute," these rights are subject to change at the "whim of the legislature," and "[a]mendments to such rights are not bound by the usual presumption against retrospective application").

### **PROPOSED CONCLUSIONS OF LAW**

I conclude that the Claimant has sustained an actual and compensable loss of \$12,780.00 as a result of the Respondent's acts or omissions. Md. Code Ann., Bus. Reg. §§ 8-401, 8-405 (2015 & Supp. 2024); COMAR 09.08.03.03B(3)(c). I further conclude that the Claimant is entitled to recover that amount from the Fund. Md. Code Ann., Bus. Reg. § 8-405(a), (e)(5) (Supp. 2024); COMAR 09.08.03.03B(3)(c), (4).

### **RECOMMENDED ORDER**


I **RECOMMEND** that the Maryland Home Improvement Commission:

**ORDER** that the Maryland Home Improvement Guaranty Fund award the Claimant \$12,780.00; and

**ORDER** that the Respondent is ineligible for a Maryland Home Improvement Commission license until the Respondent reimburses the Guaranty Fund for all monies disbursed under this Order, plus annual interest of ten percent (10%) as set by the Maryland Home Improvement Commission,<sup>11</sup> and

**ORDER** that the records and publications of the Maryland Home Improvement Commission reflect this decision.

October 17, 2024  
Date Decision Issued

  
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Katlyn L. Hodges  
Administrative Law Judge

KLH/kh  
#213291

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<sup>11</sup> See Md. Code Ann., Bus. Reg. § 8-410(a)(1)(iii) (2015); COMAR 09.08.01.20.

**PROPOSED ORDER**

***WHEREFORE, this 26<sup>th</sup> day of February, 2025, Panel B of the Maryland Home Improvement Commission approves the Recommended Order of the Administrative Law Judge and unless any parties files with the Commission within twenty (20) days of this date written exceptions and/or a request to present arguments, then this Proposed Order will become final at the end of the twenty (20) day period. By law the parties then have an additional thirty (30) day period during which they may file an appeal to Circuit Court.***

**Chandler Louden**

**Chandler Louden**

**Panel B**

**MARYLAND HOME IMPROVEMENT  
COMMISSION**

IN THE MATTER OF THE CLAIM OF \* MARYLAND HOME  
ROBERT HAUF \* IMPROVEMENT COMMISSION  
AGAINST THE MARYLAND HOME \*  
IMPROVEMENT GUARANTY FUND \* MHIC CASE NO. 24(75)452  
FOR THE ACTS OR OMISSIONS OF \* OAH CASE NO. LABOR-HIC-  
KEVIN REDDING AND KEVIN \* 02-24-11028  
REDDING & ASSOCIATES, LLC \*  
\* \* \* \* \*

**FINAL ORDER**

This matter was originally heard before an Administrative Law Judge (“ALJ”) of the Office of Administrative Hearings (“OAH”). Following the evidentiary hearing, the ALJ issued a Proposed Decision concluding that the homeowner, Robert Hauf (“Claimant”) suffered an actual loss as a result of the acts or omissions of Kevin Redding and Kevin Redding & Associates, LLC (collectively, “Contractor”). *ALJ Proposed Decision* p. 11. In a Proposed Order, the Maryland Home Improvement Commission (“MHIC” or “Commission”) affirmed the Proposed Decision of the ALJ to grant an award of \$12,780 from the Home Improvement Guaranty Fund. The Contractor subsequently filed exceptions to the MHIC Proposed Order.

On May 1, 2025, a three-member panel (“Panel”) of the MHIC held a remote hearing on the exceptions filed in this matter. The Claimant and Contractor participated without counsel. Assistant Attorney General Hope Sachs appeared at the exceptions hearing on behalf of the Guaranty Fund. The Panel entered the following preliminary exhibits as part of the record of the exceptions hearing without objection: 1) hearing notice; 2) transmittal letter, ALJ Proposed Decision, and MHIC Proposed Order; and 3) Contractor’s exceptions. No party produced a copy of the transcript of the OAH hearing. The Contractor failed to file a request to present new evidence, but sought to introduce new evidence with his written exceptions. The Commission denied the Contractor’s request because the Contractor did not timely file a written request and did not demonstrate that the proposed new evidence was not discovered before the ALJ hearing or that

it could not have been discovered before the ALJ hearing with the exercise of due diligence. The Claimant sought to present new evidence and filed a timely request, but failed to demonstrate that the proposed new evidence was relevant and material because the new evidence was responsive to the Contractor's proposed evidence, which was not admitted. Therefore, the Panel's review of the record was limited to the preliminary exhibits for the exceptions hearing, the OAH Proposed Decision, and the exhibits offered as evidence at the OAH hearing. COMAR 09.01.03.09(G) - (L).

The claim in this proceeding relates to a contract between the parties for exterior improvements at the Claimant's home, including the replacement of the soffit, the installation of aluminum on the fascia, and improvements to the roof, and improvements to the framing for the porch. The ALJ found that the Contractor's performance under the contract was unworkmanlike and inadequate. *ALJ's Proposed Decision* p. 9.

On exception, the Contractor made several factual assertions, but did not cite evidence in the record in support of his assertions. Therefore, the Commission does not find that the ALJ made any factual errors.

On exception, the Contractor did not allege that the ALJ made any errors of law. However, the Commission finds that the ALJ erred in granting an award in excess of the amount claimed by the Claimant. The Claimant filed a claim for \$10,280, so the recommended award of \$12,780 violated the due process rights of the Contractor because he was not on notice that his liability could exceed \$10,280.

Having considered the parties' arguments, the evidence contained in the record, and the ALJ's Recommended Decision, it is this 14<sup>th</sup> day of May 2025, **ORDERED:**

A. That the Findings of Fact of the Administrative Law Judge are **AFFIRMED**;

- B. That the Conclusions of Law of the Administrative Law Judge are **AMENDED**;
- C. That the Proposed Decision and Recommended Order of the Administrative Law Judge is **AMENDED**;
- D. That the Claimant is awarded \$10,280 from the Maryland Home Improvement Guaranty Fund;
- E. That the Contractor shall remain ineligible for a Maryland Home Improvement Commission license until the Contractor reimburses the Guaranty Fund for all monies disbursed under this Order plus annual interest of at least ten percent (10%) as set by the Commission, *Md Code Ann.*, Bus. Reg. §§ 8-410(a)(1)(iii), 8-411(a);
- F. That the records and publications of the Maryland Home Improvement Commission shall reflect this decision; and
- G. Any party has thirty (30) days from the date of this Final Order to appeal this decision to Circuit Court.

Bruce Zuackebush  
Chairperson –Panel  
Maryland Home Improvement  
Commission