

**NHSCA Monthly Update**  
**Thursday, January 7, 2021 at 2:30 pm CST**

**2-10:** Jacqui Crocket, Lindsey Iten

**AFC Home Club:** Randy Reis

**American Home Protect:** Corinne Maples, Ashley Altick

**APHW:** Rodney Martin, Phil West

**American Water Resource/Pivotal HS:** Pat Wodack

**Cinch:** Sloane Levy

**First American Home Warranty:** Jeff Powell, Zach Zaharek

**Frontdoor Group:** Stephen Bracy, Jeff Fiarman

**HomeServe:** Grace Power

**Old Republic Home Protection:** Gwen Gallagher, Frank Caballero

**HWA:** Paolo Berard, Michael Longoria

**NHSCA Staff:**

Art Chartrand, Joy Moore

**Guests:**

David Parker, Longbow Partners

Matt Robinson, Argentum Partners

Mike Belote, California Advocates

Gary Bastin & Ron Peterson, Bastin Consulting

Marc Osborn, Kutak Rock

Ben Joseph, CEO, Liberty Home Guard

David Moreno, CEO, Liberty Home Guard

Charles Frank, CFO, Liberty Home Guard

Roll call was taken, and a quorum was present.

Introductions

**State Updates**

**Oklahoma – Ron Peterson**

The upcoming legislative session begins February 1st. Senator Quinn, the Chairman of the Senate Insurance Committee, is sponsoring our bill and we have support from the Insurance Commissioner. The House is expecting to announce chairmanships tomorrow after their “Organizational day”. At Senator Quinn’s direction, we have spoken with the Senate staff bill drafter about the nature and simplicity of the amendment. We do need to get our language finalized asap so bill drafting can be accomplished. With the threat of COVID once again disrupting the normal flow of legislation, we hope to move the bill as quickly as possible.

**California – Mike Belote**

The legislature return has been delayed because of COVID, but now planning on returning on Monday, January 11. Bill limits remain at 25 per rep a year. However, only high profile bills will be heard. California revenue continues to come in above projection. If the budget goes south, there could be an attempt to increase sales tax or income tax that might affect services. None of this would likely affect the service contract industry. California continues to be a hugely blue state (above 75%). Belote reported there is a current recall petition on the governor. He will keep an eye out for any bills which could affect us.

**Nevada – John Sande & Matt Robinson**

We had another drafting session with Cmsr Richardson and DOI just before Christmas. Current Draft D3 is based upon that and prior calls. We expect a few more minor tweaks to the bill from our own review or from SCIC. We have encouraged all members to take a very careful final read for any flaws. We have a placeholder bill on file. We would like to have even more concessions on our bill amendments but pushing things as far as feasible for adoption at this point.

So far, the Department has been very cooperative and supportive of most, but not all changes. The amendments to current law appear most viable though we have raised possibility of being totally moved out of the DOI or simply a “gut and go” approach to remove home warranty for 690C and replace with our NHSCA model. The latter ideas received a surprising mellow response and indication of future possibility.

Chartrand reminded members to continue to hold off on any consumer notification filings to the DOI via SERRF as “requested” on November 17, 2020. We are being firm not to entertain this “request” but expressed willingness to the DOI to work with them on alternate means to get the data they would like.

**Texas – David Parker**

The Texas biannual legislative session starts on January 12.

In working with SCIC’s lobbyist Mark Vane, we were able to get the transfer request (“modification”) successfully filed with the Texas Sunset Commission just before the Christmas holiday. Our advocate is Rep. Craig Goldman, a member of the Sunset Committee and the author of our previous 2019 deregulation bill. The ultimate decision/vote is expected to come on January 13<sup>th</sup>.

The regulations found at TDLR are very similar to those at TREC, with some exceptions. Annual financial filings must be made with the TDLR and TREC, but the

TREC system is much more onerous and filings must occur twice a year. As there have been zero enforcement cases at TREC since 2011 related to the substance of these form and financial filings, the form and twice annual filings of financial information seems burdensome and unnecessary.

Before the holidays, we recirculated the final agreed-to 2019 House language (that died in the Senate) to all of the key industry stakeholders who previously caused us headwinds over minor wording issues. Rep. Goldman appears ready and willing to refile and pursue the bill on our behalf, **but probably unlikely** if we have the concurrent TREC-to-TDLR sunset effort making progress as that could potentially harm or confuse the effort.

There is a joint NHSCA/SCIC **call set at 11:00 AM CST tomorrow** to square any final issues required in the bill to move home warranty to TDLR.

#### **Arizona – Marc Osborn**

Our bill died last year because of the COVID shut down. The Senate Finance and House Commerce Chairman are introducing an omnibus bill that covers all of the pre-negotiated unfinished insurance/warranty issues from last session (especially the language on pre-existing conditions) The bill is in final form and will be dropped any day now. The goal is to put this on the first agendas of the Senate Finance and House Commerce Committee. Osborn reported there is a hearing on Wednesday, January 13. It will be one of the first bills heard in the Senate. The bill will be fast tracked through each body with passage by February if all goes well. COVID could changes these plans. Our lobbyists have pro-lobbied most of the committees so we don't anticipate any problems.

#### **Whole HVAC Unit Replacement Program**

An all-member call is scheduled for January 21 for Encompass to introduce to members a new product concept they think will benefit our industry. Both Encompass and NSA head up of our advisory council. All members are invited to participate.

#### **National Meeting Consideration (June 17-18, 2021- Boothbay Harbor, Maine)**

It appears too early to make a call for an in-person attendance. The biggest issue is how willing our members are to travel and related company policies on traveling. Nothing is more valuable than an in-person meeting if we can accomplish it in whole or in part perhaps with some attending via Zoom. We will continue to monitor.

#### **Bylaw Amendment**

A bylaw amendment was circulated to all members to implement the level state budgeting and unanimous vote to expend funds out of our state funds decision. Adopted conceptually. Martin made a motion to adopt the bylaw amendments as written **(Attached)**. Gallagher seconded. No further discussion. Motion passed unanimously.

### **Accreditation**

The current deadline is February 1. The program remains voluntary. The main impact of a deadline is the point at which we promote the program (having given all members equal opportunity to become credited) and the point after which a member will have to pay CLM, Inc. the cost of the review (Approx. \$7500 plus expenses). We have yet determined the method and language we will use to promote the program. Without vote, there was unanimous consensus to extend the deadline to May 1.

### **Membership Structure**

Committee members, Crockett, Wasson, Martin and Giacalone, will be meeting to flush out the rules for the newly proposed membership structure. This will include resolution of board size, voting rights and management as we add new members. Boyle has expressed an interest in joining the committee. The expectation is this will be done by the end of the first quarter of 2021. Anyone interested in joining the committee, let us know. The next meeting will be January 14 at 2:30 PM Central via Zoom.

### **Transition Plan Update - Rodney Martin**

We continue to look for a new Executive Director to implement a two year transition plan. Anyone interested or have leads, please let Martin know. Chartrand reminded members he is staying onboard and will continue as "Of Counsel" advisor for special projects while Moore will continue to handle the administration during any transition. Martin reported that the officers have extensively reviewed and negotiated a transition agreement with Chartrand, Moore and CLM, Inc. that would take effect upon hiring a new Executive Director. This agreement allows the NHSCA and Chartrand to plan and create expectations. It has been negotiated within proposed budget figures for the next few years. Without further action, there was unanimous consent for Martin to sign the transition agreement with CLM, Inc.

### **Other matters**

It was announced that NRG Energy purchased Direct Energy subsidiaries including member HWA. Direct Energy is now wholly owned by NRG Energy. It was reported that no operational changes with respect to NHSCA are planned at this point.

The meeting adjourned at 3:30 pm CST. Next call is scheduled for February 4, 2021.

**ATTACHMENT A  
BY LAW AMENDMENT OF JANUARY 7, 2021**

**BYLAWS  
OF  
NATIONAL HOME SERVICE CONTRACT ASSOCIATION**

**ARTICLE I**

**OFFICES**

Section 1. Principal Office. The principal office for the transaction of the business of the corporation is hereby located at **10000 Marshal Drive, Lenexa, KS 66215** ~~12730 S. Plumm Rd., Suite 102, Olathe,~~ Johnson County, Kansas.

Section 2. Name. (a) NHSCA shall be the official abbreviation representing the NATIONAL HOME SERVICE CONTRACT ASSOCIATION.

(b) ASSOCIATION as used herein shall mean National Home Service Contract Association.

Section 3. Registered Office. The corporation,  
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**ARTICLE II**

**MEMBERSHIP**

Section 1. Eligible Member. Eligible member shall mean any company or firm engaged in the business of providing home repair services contracts for the service, repair or replacement of household appliances, systems, and components which fail due to normal wear and tear or defects in materials, and workmanship. Such home repair service contracts may be for a separately stated consideration, for any ~~specific~~ duration, and may include incidental service to roofing systems, **power surge protection and related services as the home warranty industry redefines the same by its recognized general practices from time to time.**

Section 2. General Member

General member shall meet the definition of an eligible member and:

- a) be registered with the Association with full physical address, phone, email and listing of all management and Board of Directors.
- b) be approved by at least two-thirds (2/3) of the general membership,
- c) be a member in good standing through payment of all current dues and assessments,

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Section 5. Resignation, Suspension, Expulsion and Reinstatement. Any ~~general~~ member may resign by sending a written resignation to the President and a copy to the Association executive secretary. Such resignation from the Association may be affected immediately but in no way limits the liability for the general member from payment or obligation of its current dues.

An action for suspension or expulsion of a ~~general~~ member may be presented in writing to the President and acted upon at the next meeting of the Association Board of Directors. A two-thirds (2/3) vote of the entire Board of Directors, in office at the time, shall be required for suspension or expulsion upon a finding that said ~~general~~ member has ceased doing business or no longer represents the ethical and professional business standards of the Association or no longer abides by the By-Laws or purposes of this Association. No vote by the Board of Directors is needed for the automatic termination of a ~~general~~ member for non-payment of dues.

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The Board of Directors may adopt policies and procedures to permit reinstatement of former members.

Section 6. Use of Association Name, Logo or Affiliation. Any general member may indicate or advertise that it is a member of the NHSCA and supports or abides by its goals, ethics and professional business standards. General members consent to listing of their name and affiliation on any public or media report utilized by the Association. No individual ~~general~~ member or members shall speak, write or promote on behalf of the Association unless specifically authorized by the President or upon direction of the Board of Directors. The President or others the President

designates is authorized by general members to represent the daily affairs and positions of the Association subject to the general direction and instructions of the entire Board.

**Only accredited members may use the NHSCA special Accredited logo and only during and while their accreditation is active.**

**Advisory Council Members in good standing may use and advertise the NHSCA official Advisory Council Logo.**

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**Section 8. Meetings of all Members and Other Membership Matters.** The annual meetings of the members shall be held on or about June 1<sup>st</sup> of each calendar year ~~at 10:00 o'clock, a.m. Central time or~~ at such ~~other~~ time, date and place each member is notified of as set forth below. At such meeting, a **board of** directors shall be elected **or named** as specified and defined in their bylaws, reports of the affairs of the corporation shall be considered, and any other business may be transacted which is within the power of the members.

Written notice of each annual meeting shall be given to each member entitled to vote, either personally or by mail or other means of written communication, charges prepaid, addressed to such member at his address appearing on the books of the corporation or given by him to the corporation for the purpose of notice. If a member gives no address, notice shall be deemed to have been given if sent by mail or other means of written communication addressed to the place where the principal office of the corporation is situated, or if published at least once in some newspaper of general circulation in the county in which said office is located.

All such notices shall be sent to each member entitled thereto not less than ten (10) days nor more than sixty (60) days before each annual meeting, and shall specify the place, the day and the hour of such meeting, and shall state such other matters, if any, as may be expressly required by statute.

**All non-voting members may be given notice and opportunity to attend and participate in said meetings under procedures as the Board of Directors determine from time to time in their sole discretion is appropriate.**

### ARTICLE III

### DIRECTORS

Section 1. Powers. Subject to limitations of the

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Section 2. Number, Qualification, Authority and Responsibility of Directors. The Board of Directors shall consist of one representative from each general member of the Association. The Board of Directors shall elect the Association's operating officers and may designate an Executive Committee consisting of the President, Vice President, and joint office of Secretary ~~and~~ /Treasurer. The Board of Directors shall have supervision, control and direction of the general policies and affairs of the Association, its committees and publications, and shall actively promote its objectives. The Board of Directors may adopt motions and regulations for the conduct of the Association. It may also grant or delegate any or all of its authority to the Executive Committee to act on its behalf in the interim between meetings of the Board of Directors. The actions of the Executive Committee shall be reviewed by the Board of Directors at its next regular or called meeting.

Section 3 Election of Directors and Term of Office.

Section 3a. The directors shall be elected at each

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Section 3b. Election and Terms of Officers as Executive Committee. The Executive Committee consisting of the President, Vice President, and Secretary ~~and~~ /Treasurer duly elected by the Directors, shall serve two year terms. After said two year terms, the current President shall become a non-voting but participating member of the Executive Committee. The remaining slate of officers shall be elevated with the Vice president becoming President, the secretary/treasurer becoming Vice President ~~the Treasurer becoming Secretary.~~ and a A new Secretary/Treasurer shall then be elected by the Directors. This new slate of officers shall then serve a two year term. This plan is designed to ensure better continuity of the association and expectations by officer holders. It may be altered by a duly authorized vote of the majority vote of the Directors.

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**ARTICLE IV**

**OFFICERS**



Section 1. Officers. The ~~membership via~~ the Board of Directors, at its annual meeting, shall nominate and elect a slate of officers of the Association which shall

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Section 10. Secretary/Treasurer. The secretary/treasurer shall keep, or cause to be kept, a book of minutes at the principal office or such other place

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~~Section 11. Treasurer.~~ ~~The Treasurer~~ The Secretary/Treasurer shall be familiar with the Association policies and procedures and be responsible for the finances of the Association; shall receive all moneys of the Association; shall keep an accurate record of receipts and expenditures; and shall pay out funds only as authorized by the Executive Committee. The Secretary/Treasurer shall present a statement of account at every Executive Committee meeting and shall make a full report at the annual meeting.

## ARTICLE V

### EXECUTIVE COMMITTEE

Section 1. Authority and Responsibility. The Executive Committee shall consist of the President, Vice President, and ~~Secretary and~~ Treasurer of the Board of Directors who shall be vested with the management of the Association and

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## ARTICLE VI

### MISCELLANEOUS

Section 1. Dues. The dues required for initial membership and annually or otherwise shall be as specified by written resolution of the board of directors. Such dues may be changed from time to time except that once a member has paid his original membership fee, if any, and becomes a member, no subsequent increase or decrease in the membership fee shall warrant an assessment or require a refund as to such fee with respect to such member. Nonpayment of dues shall be a proper cause for suspension or revocation of membership hereunder. All dues shall be payable as specified by the board of directors. Annual dues shall be in the same amount for all members of the

same membership class. The annual dues may vary for each membership class where there is more than one such class. Any member delinquent **sixty (60)** days in their dues is immediately suspended of all right and privileges under Article II Section 6 to use, advertise or utilize in any form the NHSCA name, logo or affiliation.

### **Section 2. State Fund Assessments**

**Assessments to fund the NHSCA STATE FUND to support legislative efforts in the various states are not tax deductible and therefore invoiced separately from General member Dues.**

**Assessments shall be made on an annual basis as follows:**

- 1.) **NHSCA Staff shall determine the average amount paid by all members in all states for the prior five years.**
- 2.) **The budget for the following year shall be determined by taking that past 5 year average.**
- 3.) **All Regional and National Members shall be charged a pro rata portion to fund this predicted, budget amount for the following year.**
- 4.) **All contributions to the State Fund will be tracked in separate accounts. To the extent any member, including local members, has been over charged or undercharged based upon states in which it has 100 or more contracts in force, its assessment shall be adjusted the following year.**
- 5.) **Any decision to expend STATE FUNDS shall be by **unanimous vote** of those members having 100 or more contracts in force in that state.**

**Section 3 2. Use of Roberts Rules of Order.** The most

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## **ARTICLE VI**

### **DISSOLUTION**

**Section 1.** Upon the dissolution of this corporation, the governing body shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation and donate the same to the ~~exclusively for the purposes of the corporation in such manner, to such organization or organizations~~ **organized and operated exclusively for charitable, educational, religious, or scientific purposes** as shall at the time qualify as an exempt organization or

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## ARTICLE VII

### AMENDMENTS

Section 1. Power of Directors. New bylaws may be adopted or these bylaws may be amended or repealed by a majority vote of the board of directors at any regular or special meeting

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### CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

(1) That I am the duly elected Secretary/Treasurer of the National Home Service Contract Association, a Kansas not-for-profit corporation; and

(2) That the foregoing bylaws, comprising 19 pages, constitute the original bylaws of said corporation, as duly adopted at the first meeting of the board of directors thereof duly held on the \_\_\_\_ day of \_\_\_\_\_, 2004.

**and as amended from time to time.**

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the seal of the said corporation this \_\_\_\_ day of \_\_\_\_\_, 2004.

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David J. Jasko

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Secretary

**Reaffirmed Janaury ( ) 2021 as adopted above.**

NHSCA Monthly Conference Call  
Thursday, Jan. 7, 2021

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**Jacqui Crockett**

**Secretary Treasurer**

***as of date of adoption***

***January 6, 2021***