

National Home Service Contract Association
Minutes of NHSCA Annual Membership Meeting
June 17, 2021

The annual meeting of the members of the National Home Service Contract Association was held in person in Boothbay Harbor, Maine at The Spruce Point Inn on June 17, 2021.

Member Roll Call:

2-10 HBW	Jacqui Crockett
AFC Home Club	Randy Reis
American Home Protect	Corinne Maples
America's Preferred Home Warranty	Phil West
Fidelity National Home Warranty	Lorna Mello Adrienne Giacalone
First American Home Warranty	Andy Hand
HomeGuard Home Warranty	Robert Hessling
Home Warranty of America/Direct Energy	Dave Sholtz, Michael Longoria
Old Republic Home Protection	Gwen Gallagher, Jim Mullery, Frank Caballero
Absent: Cinch Home Services Universal Home Protection	Sloane Levy James Imhoff

Staff:	Art Chartrand, NHSCA Executive Director & Counsel Joy Moore, NHSCA Manager Travis Moore, Sr. Legislative Regulatory Counsel
---------------	---

A quorum was present. Vice President Crockett chaired the meeting.

Crockett announced that this meeting was held pursuant to duly authorized written notice to all members on February 10, 2021. All members acknowledge and consent to such notice by their presence today.

Reading of Antitrust Policy Statement

The Antitrust Policy as adopted March 4, 2004, by the NHSCA was read out loud in full by Chartrand. All members acknowledged the policy and no questions were presented.

Role of NHSCA Staff and Responsibilities

Chartrand gave a brief presentation of the staffing and administrative functions of the NHSCA Central Office. Art Chartrand of Chartrand Legal Management, Inc. serves as Executive Director and Counsel of the NHSCA. Chartrand disclosed that he also represents individual companies in the home warranty industry and is responsible to ensure no conflicts exist. With consent and support of the NHSCA, Chartrand Legal Management, Inc. also presents educational sessions to newer and non-member companies. Most lobbyists utilized by NHSCA are part of Chartrand's own contracted lobbyist network. Joy Moore is an employee of CLM, Inc. and handles administration for the NHSCA.

Today marks the likely transition to a new Executive Director and Counsel who will assume the responsibility for NHSCA. Chartrand will remain of counsel to advise the new Executive Director and handle special projects upon request. Joy Moore will continue to handle the day-to-day management under Chartrand Legal Management Inc., working with the new Executive Director. It is planned that a gradual transition will occur over the next two years of management functions, records, and operational issues until all is under the new Exec. and their firm.

Andy Hand noted prior to the opening of the meeting, the general membership met with the current advisory council to discuss their new role and function of the proposed NHSCA affiliates. They will be meeting with them tomorrow to consider how to carry that mission forward. They also received a nice briefing from Ken Trepeta from RESPRO regarding the status of the CFPB and Section 8 of RESPA. There was a consensus to work closely with RESPRO and the Affiliates on a proposed national symposium on home warranty.

President's Report

VP Crockett reported for current president Martin the Association remains viable and strong. Details regarding the business of the Association will be reviewed in a board of directors meeting following adjournment. She also highlighted accomplishments of the association over the past few years. Most notably these included:

- Defeating attempts in **California and Nevada** to be *also licensed* by the state contractors

- In DC we crafted a limited, nearly model, Service Contracts Regulation Act effective in August 2019.
- **Florida**, NHSCA passed 2019 legislation to limit Florida reserves to only Florida based business and restrict their extra-territorial jurisdiction.
- **Iowa**, we changed the law in 2019 to allow home warranty companies to offer contracts of any duration and to pay unlimited indemnity (previously prohibited) versus just service or repair;
- **Louisiana**
NHSCA repealed an expensive regulatory licensing law in 2017 in favor of a very simply registration and bond with the Secretary of State.
- **Oklahoma** a key bill in 2021 to clarify that home warranty and home service contracts were not regulated as insurance as necessary due to the Oklahoma Supreme Court decision in **Sparks V. ORHP** and in we convinced the DOI to remove a proposed SB 101 provision that would have required prior approval of forms.
- **Nevada and Arizona**
NHSCA changed the rules so that benefits paid could be deducted from any refund in the event of a consumer cancellation. Members estimated this alone saved over \$200,000 every year ...virtually covering the cost of the NHSCA admin expenses forever.
- **Texas** NHSCA played key role in supporting move to TDLR in September 2021. This lowered annual costs of filing and reporting and likely lowered future regulatory oversight; In **Virginia**, after years of expensive regulatory attention and oversight by the VBOI, we transferred legislation effective in 2018 to The Virginia Department of Consumer Affairs. This has likely saved our members millions.
- The biggest dollar savings of course were in the sales tax resolution cases in **Ohio, Florida, Texas, Kansas, Kentucky, and Washington state** in the years 2015 et seq which saved our members collectively tens of millions of dollars in fines, back and future taxes.

State Association President's Report

We have two elected, standing presidents. They are currently Corinne Maples for THSCA and Robert Hessling for CHSCA. They remain in office until a motion is made for a replacement. Nominations for other state association presidents may be made on an as need basis.

Election of Officers

The following slate of officers currently serve:

President	Rodney Martin, America's Preferred Home Warranty
Vice President	Jacqui Crockett, 2-10 Home Buyers Warranty
Sec./Treasurer	Andy Hand, First American Home Warranty

The following slate of officers is now proposed to serve 2021-2023

President	Andy Hand, First American Home Warranty
Vice President	Jacqui Crockett, 2-10 Home Buyer's Warranty
Sec./Treasurer	Jim Mullery, Old Republic Home Protection

Upon motion duly made by West and seconded by Maples the above slate of officers was unanimously elected.

Election of Board of Directors

It was noted that pursuant to Article II Section 1, a membership in the NHSCA shall mean a company or firm. Each company may designate an actual person from time to time and advise the administrative staff. Members are encouraged to designate for one person for communication and be responsible for communicating in their own organization.

2-10 HBW	Jacqui Crockett
AFC Home Club	Randy Reis
American Home Protect	Corinne Maples
America's Preferred Home Warranty	Rodney Martin
Cinch Home Services	Sloane Levy
Fidelity National Home Warranty	Lorna Mello
First American Home Warranty	Andy Hand
HomeGuard Home Warranty	Robert Hessling
Home Warranty of America/Direct Energy	Dave Sholtz
Old Republic Home Protection	Gwen Gallagher
Universal Home Protection	James Imhoff

Upon motion duly made by Hand and seconded by Mello the above Board of Directors were duly elected.

Bylaw Amendments

Hand called on Legislative Counsel Travis Moore to explain the purpose of various bylaw amendments previously circulated and being voted on today. These have had substantial debate and input for well over a year. Essentially, they are to 1.) Adopt an 11-member voting Board of Directors; 2.) Adopt the rules for constituting the Board versus general membership; 3.) Adopt a new class of Affiliate Member; and 4.) make other technical amendments.

NHSCA Accreditation was also reviewed in the context of these amendments. There was significant discussion, explanation, and consensus on these amendments.

Upon motion duly made by Reiss and seconded by Sholtz the bylaw amendments dated June 17, 2021, were duly elected.

Banking Resolution

The following banking resolution was considered:

BE IT RESOLVED, that the treasurer of this corporation be Jim Mullery and he is hereby authorized and directed to pay the expenses of the incorporation and organization of this corporation.

There was next considered designating depositaries of the funds of the corporation, and the officers authorized to sign and endorse checks, drafts and the like.

BE IT FURTHER RESOLVED, that First National Bank of Kansas, be and it is hereby designated a depositary of this corporation and that funds so deposited may be withdrawn upon a check, draft, note or order of the corporation.

BE IT FURTHER RESOLVED, that all checks, drafts, notes or orders drawn against said account be signed by any one of the following:

Jim Mullery
Arthur Chartrand

Sec/Treasurer
Administrator/Of Counsel

with countersignature required only for amounts more than \$20,000 by both the administrator and the treasurer or other board member and that no checks, drafts, notes, or orders drawn against said Bank shall be valid unless so signed.

BE IT FURTHER RESOLVED, that said Bank is hereby authorized and directed to honor and pay any checks, drafts, notes or orders so drawn, whether such checks, drafts, notes or orders be payable to the order of any such person

signing and/or countersigning said checks, drafts, notes or orders, or any of such persons in their individual capacities or not, and whether such checks, drafts, notes or orders are deposited to the individual credit of the person cosigning and/or countersigning said checks, drafts, notes or orders, or to the individual credit of any of the other officers or not. This resolution shall continue in force and said Bank may consider the facts concerning the holders of said offices, respectively, and their signatures to be and continue as set forth in the certificate of the Secretary, accompanying a copy of this resolution when delivered to said Bank or in any similar subsequent certificate, until written notice to the contrary is duly served on said Bank.

BE IT FURTHER RESOLVED, that the President, Treasurer and Administrator of this corporation jointly or their successors in office, are authorized for, on behalf of, and in the name of this corporation to:

- (a) Negotiate and procure loans without limitation as to amount subject to prior written approval by the Board of Directors.
- (b) Discount with said bank, commercial or other business paper belonging to this corporation, made, or drawn by or upon third parties, without limit as to amount.
- (c) Give security for any liabilities of this corporation to said bank by pledge or assignment or a lien upon any real or personal property, tangible, or intangible, of this corporation, and
- (d) Execute in such form as may be required by the bank all notes and other evidence of such loans, all instruments of pledge, assignment or lien, and that none of the same shall be valid unless so signed or endorsed; provided, however, that the endorsement of promissory notes discounted may be affected by any one of them.

RESOLVED FURTHER, that the said bank be, and it is hereby authorized and directed to pay the proceeds of any such loans or discounts as directed jointly by the persons so authorized to sign, whether so payable to the order of any of said persons in their individual capacities or not, and whether such proceeds are deposited to the individual credit of any said persons or not. But, in no such case shall any payment be made to any board member without prior written notice to the entire board.

Upon motion by West and second by Giacalone the above banking resolutions was adopted.

Directors & Officers

The next item of business was the proper salaries for the officers and directors of the corporation. After full discussion, it was determined that the officers and directors would continue to serve without salary until future decision of the board of directors.

Tax Return

The 2020 tax return for the Association was prepared and e-filed by API Partners. Copies are made available to the officers and to Board members upon request.

Treasurer's Report

Outgoing Treasurer Hand gave a brief report on the overall financial condition of the Association. He reported the Association is solvent and continues to meet all current and expected obligations. A full report at the regular board meeting to follow.

Upon motion duly made by Mullery and seconded by Reiss the treasurer's report was approved.

Executive Session

The membership discussed the hiring of Pierce Haley with Serlin Haley, LLP as the new Executive Director to transition from Art Chartrand with Chartrand Legal Management, Inc.

Upon motion made by Mello and second by Crockett to authorize Andy Hand as president of the NHSCA to execute a contract with Pierce Haley, Serlin Haley, LLP, consistent with the negotiations and budget effective July 1. Haley was welcomed back to the meeting and congratulated while Joy Moore and Art Chartrand were thanked for their service.

There being no further business to come before the membership, upon motion by Mello and second by Reis the meeting was duly adjourned.

APPROVED:

Jim Mullery, NHSCA Secretary/Treasurer