

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H

1

HOUSE BILL 816

Short Title: Consumer Protection/Roofing Contractors. (Public)

Sponsors: Representative Arp.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Insurance, if favorable, Judiciary I

April 13, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE CONSUMER PROTECTIONS RELATED TO ROOFING REPAIR
3 CONTRACTORS.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Chapter 75 of the General Statutes is amended by adding a new
6 Article to read:

7 "Article 9.

8 "Roofing Repair Contractors.

9 **"§ 75-150. Definitions.**

10 The following definitions apply in this Article:

- 11 (1) Consumer. – The person hiring a roofing repair contractor, including the
12 property owner, person in legal possession of the property, or any agent
13 thereof, including the State and any of its political subdivisions.
- 14 (2) Emergency services. – Any repair needed as the result of a serious,
15 unexpected, or dangerous situation that requires immediate action.
- 16 (3) Roofing repair. – Repairs to an existing roofing system with an estimated
17 cost of more than seven hundred fifty dollars (\$750.00), including a total
18 replacement of the existing roofing system.
- 19 (4) Roofing repair contractor. – A person engaged in the business of residential
20 roofing services in North Carolina for a fee or who offers to engage in or
21 solicits roofing-related services, including construction, installation,
22 renovation, repair, maintenance, alteration, or waterproofing. The term shall
23 not include any of the following:
- 24 a. A licensed general contractor.
- 25 b. A person engaged in the demolition of a structure or the cleanup of
26 construction waste and debris that contains roofing material.
- 27 c. A person working under the direct supervision of a roofing repair
28 contractor who is hired either as an employee, day laborer, or
29 contract laborer.
- 30 d. A person providing roofing-related services as a subcontractor,
31 regardless of tier, under a licensed North Carolina general contractor.

32 **"§ 75-151. Construction of Article.**

33 The requirements of this Article shall be construed to be in addition to, and not in lieu of,
34 any required licensure of persons for certain professions and trades in this State. This Article
35 shall not be deemed to conflict with or affect the authority of any State or local agency, board,



* H 8 1 6 - V - 1 *

1 or commission whose duty and authority is to administer or enforce any law or ordinance or to
2 establish, administer, or enforce any policy, rule, qualification, or standard for any trade or
3 profession.

4 **"§ 75-152. Reserved.**

5 **"§ 75-153. Written contract required.**

6 (a) All contracts for roofing repair shall be in writing. The written contract shall contain
7 at least all of the following:

8 (1) The name, mailing address, physical address, if different from the mailing
9 address, and phone number of the roofing contractor. If the roofing
10 contractor uses e-mail for business purposes, the contract shall also include
11 that e-mail address.

12 (2) The name of the consumer.

13 (3) The physical location of the property subject to the roofing repair and a brief
14 description of the structure to be repaired.

15 (4) Include a copy of a repair estimate that addresses all of the following
16 disclosures:

17 a. A precise description and location of all damage claimed on the
18 repair estimate.

19 b. An itemized estimate of repair costs, including the cost of raw
20 materials, hourly labor rate, and the number of hours for each item of
21 repair or a unit cost basis.

22 c. If any damaged areas are not included on the repair estimate, a
23 specification of those damaged areas and all reasons for the exclusion
24 from the repair estimate.

25 d. A statement as to whether or not the property was inspected in any
26 manner prior to the preparation of the estimate and a description of
27 the nature of that inspection if an inspection was done, including a
28 statement of whether or not the roof was physically accessed.

29 (5) Be written in the same language as that principally used in the sales
30 presentation, oral or otherwise, to the consumer.

31 (6) Clearly indicate the date on which the consumer actually signs the contract.

32 (7) Include a statement indicating that the roofing repair contractor shall hold in
33 trust any payment from the consumer until the roofing repair contractor has
34 delivered roofing materials at the property site or has performed a majority
35 of the roofing work on the property, whichever occurs first.

36 (b) Any written contract for roofing repairs for which the consumer anticipates the
37 proceeds of any insurance policy will be used to pay, in whole or in part, to pay for
38 performance under the contract and the roofing repair contractor is aware of the source of the
39 funds to pay for performance under the contract, shall also include all of the following:

40 (1) A disclosure that the consumer is responsible for payment for any work
41 performed if the insurer should deny payment or coverage on any part of the
42 loss.

43 (2) A statement that the roofing repair contractor has made no assurances that
44 the claimed loss will be covered by an insurance policy.

45 (3) In immediate proximity to the space reserved for the signature of the
46 consumer, in bold-face type of a minimum size of 10 points, a statement in
47 substantially the following form:

48 "You may cancel this contract or transaction at any time prior to midnight of
49 the third business day after you have received written notification from your
50 insurer that all or any part of the claim or contract is not a covered loss under

1 the insurance policy. See the attached Notice of Cancellation form for an
2 explanation of this right."

3 (4) A separate document as an attachment, which is easily detachable and is a
4 form in duplicate that is captioned "Notice of Cancellation." The notice of
5 cancellation form shall contain, in 10-point bold-face type, the following
6 information and statements in the same language as that used in the contract:

7 "Notice of Cancellation
8 (enter date of transaction)
9 (date)

10 On (enter date of notice), I have received notice from my insurer that all or
11 any part of my insurance claim will not be a covered loss under the
12 insurance policy and I hereby cancel our contract for roofing. I request that
13 all payments made by me under our roofing repair contract to be returned to
14 me within 10 business days following your receipt of this cancellation
15 notice. I also request that any security interest arising out of the transaction
16 be cancelled.

17 I HEREBY CANCEL THIS TRANSACTION

18 _____
19 (date)

20 _____
21 (consumer's signature)"

22 **§§ 75-154 through 75-156. Reserved.**

23 **§ 75-157. Limited right to cancel contract if not covered by insurance.**

24 (a) Right to Cancel. – A consumer who has entered into a written contract for roofing
25 repair with a roofing repair contractor to provide materials, labor, or services to be paid from
26 the proceeds of an insurance policy may cancel the written contract at any time prior to
27 midnight of the third business day after the consumer has received written notification from the
28 insurer that the insurer will not be paying a claim for the roofing repair under the insurance
29 policy covering the property subject to the roofing repair.

30 (b) Procedure for Cancellation. – Cancellation shall be evidenced by the consumer
31 giving written notice of cancellation to the roofing repair contractor at the mailing, physical, or
32 e-mail address stated in the contract. Notice of cancellation, if delivered to the mailing address
33 provided by the roofing repair contractor, is effective upon deposit into the United States mail,
34 postage prepaid, and properly addressed to the roofing repair contractor. Notice of cancellation
35 need not be on the form required to be attached to the written contract under G.S. 75-153(b) or
36 take a particular form. The notice of cancellation is sufficient if it indicates, by any form of
37 written expression, the intention of the consumer not to be bound by the contract and provides
38 information as to when the consumer received notice from the insurer of failure to pay.

39 (c) Refund of Payments to Consumer. – Within 10 days after a contract for roofing
40 repairs has been cancelled, the roofing repair contractor shall tender to the consumer any
41 payments, partial payments, or deposits made by the consumer and cancel any note or other
42 evidence of indebtedness.

43 (d) Emergency Services. – If the roofing repair contractor has performed any
44 emergency services, acknowledged by the consumer in writing to be necessary to prevent
45 further damage to the premises, the roofing repair contractor is entitled to the reasonable value
46 of such emergency services. Any provision in a written contract for roofing repairs that in the
47 event of cancellation requires the payment of any fee for anything except emergency services
48 shall constitute a violation of G.S. 75-1.1 and shall not be enforceable against any consumer
49 who has cancelled a contract under this section.

50 **§§ 75-158 through 75-159. Reserved.**

51 **§ 75-160. Prohibited conduct.**

1 (a) A roofing repair contractor shall not do any of the following:

2 (1) Advertise or otherwise promise or offer to pay, or pay, all or any portion of
3 any insurance deductible as an inducement to the sale of any materials,
4 labor, and or services.

5 (2) Offer, or provide, any upgraded work, material, or product, grant any
6 allowance or offer any discount against the fees to be charged or pay the
7 consumer any form of compensation, gift, prize, bonus, coupon, credit,
8 referral fee, trade-in or trade-in payment, advertising, or other fee or
9 payment as an inducement to the sale of any materials, labor, or services.

10 (3) Offer, or provide, anything of value in exchange for permitting the roofing
11 repair contractor to display a sign or any other type of advertisement at the
12 consumer's premises.

13 (4) With respect to any insurance claim in connection with the repair or
14 replacement of roof systems, or the performance of any other exterior repair,
15 replacement, construction, or reconstruction work, do any of the following:

16 a. Seek to obtain or obtain a power of attorney from or on behalf of a
17 consumer.

18 b. Offer to report or adjust a claim on behalf of a consumer.

19 c. Represent or negotiate, obtain or attempt to obtain, an assignment of
20 claims, rights, benefits, or proceeds from or on behalf of a consumer.

21 d. Offer or advertise to represent or negotiate, obtain, or attempt to
22 obtain an assignment of claims, rights, benefits, or proceeds.

23 (b) An adjuster as defined in G.S. 58-33-10(2) or a public adjuster as defined in
24 G.S. 58-33A-5(7) shall not act as a roofing repair contractor.

25 "§§ 75-161 through 75-165. Reserved.

26 "§ 75-166. Violation an unfair and deceptive trade practice.

27 A violation of this Article shall constitute an unfair and deceptive trade practice under
28 G.S. 75-1.1."

29 **SECTION 2.** This act becomes effective October 1, 2017, and applies to contracts
30 for roofing repair entered into on or after that date.