

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017**

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**HOUSE BILL 816
Committee Substitute Favorable 4/25/17**

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

Sponsors:

Referred to:

April 13, 2017

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

The General Assembly of North Carolina enacts:

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

"Article 9.

"Roofing Repair Contractors.

"§ 75-150. Definitions.

The following definitions apply in this Article:

- (1) Consumer. – The person hiring a roofing repair contractor, including the property owner, person in legal possession of the property, or any agent thereof, including the State and any of its political subdivisions.
- (2) Emergency services. – Any repair needed as the result of a serious, unexpected, or dangerous situation that requires immediate action.
- (3) Roofing repair. – Repairs to an existing roofing system with an estimated cost of more than seven hundred fifty dollars (\$750.00), including a total replacement of the existing roofing system.
- (4) Roofing repair contractor. – A person engaged in the business of residential roofing services in North Carolina for a fee or who offers to engage in or solicits roofing-related services, including construction, installation, renovation, repair, maintenance, alteration, or waterproofing. The term shall not include any of the following:
 - a. A licensed general contractor.
 - b. A person engaged in the demolition of a structure or the cleanup of construction waste and debris that contains roofing material.
 - c. A person working under the direct supervision of a roofing repair contractor who is hired either as an employee, day laborer, or contract laborer.
 - d. A person providing roofing-related services as a subcontractor, regardless of tier, under a licensed North Carolina general contractor.
 - e. A person generally engaged in the business of selling materials and products that may be used for the construction, installation, renovation, repair, maintenance, alteration, or waterproofing of a roof and, as part of that business, offers the installation of the materials and products.



1 **"§ 75-151. Construction of Article.**

2 The requirements of this Article shall be construed to be in addition to, and not in lieu of,
3 any required licensure of persons for certain professions and trades in this State. This Article
4 shall not be deemed to conflict with or affect the authority of any State or local agency, board,
5 or commission whose duty and authority is to administer or enforce any law or ordinance or to
6 establish, administer, or enforce any policy, rule, qualification, or standard for any trade or
7 profession.

8 **"§ 75-152. Reserved.**

9 **"§ 75-153. Written contract required.**

10 (a) All contracts for roofing repair entered into by a roofing repair contractor shall be in
11 writing. The written contract shall contain at least all of the following:

- 12 (1) The name, mailing address, physical address if different from the mailing
13 address, and phone number of the roofing contractor. If the roofing
14 contractor uses e-mail for business purposes, the contract shall also include
15 that e-mail address.
- 16 (2) The name of the consumer.
- 17 (3) The physical location of the property subject to the roofing repair and a brief
18 description of the structure to be repaired.
- 19 (4) Include a copy of a repair estimate that addresses all of the following
20 disclosures:
- 21 a. A precise description and location of all damage claimed on the
22 repair estimate.
- 23 b. An itemized estimate of repair costs.
- 24 c. If any damaged areas are not included on the repair estimate, a
25 specification of those damaged areas and all reasons for the exclusion
26 from the repair estimate.
- 27 d. A statement as to whether or not the property was inspected in any
28 manner prior to the preparation of the estimate and a description of
29 the nature of that inspection if an inspection was done, including a
30 statement of whether or not the roof was physically accessed.
- 31 (5) Be written in the same language as that principally used in the sales
32 presentation, oral or otherwise, to the consumer.
- 33 (6) Clearly indicate the date on which the consumer actually signs the contract.
- 34 (7) Include a statement indicating that the roofing repair contractor shall hold in
35 trust any payment from the consumer until the roofing repair contractor has
36 delivered roofing materials at the property site or has performed a majority
37 of the roofing work on the property, whichever occurs first.

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

- 43 (1) A disclosure that the consumer is responsible for payment for any work
44 performed if the insurer should deny payment or coverage on any part of the
45 loss.
- 46 (2) A statement that the roofing repair contractor has made no assurances that
47 the claimed loss will be covered by an insurance policy.
- 48 (3) In immediate proximity to the space reserved for the signature of the
49 consumer, in bold-face type of a minimum size of 10 points, a statement in
50 substantially the following form:

1 "You may cancel this contract or transaction at any time prior to midnight of
2 the third business day after you have received written notification from your
3 insurer that all or any part of the claim or contract is not a covered loss under
4 the insurance policy. See the attached Notice of Cancellation form for an
5 explanation of this right."

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

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

21
22 I HEREBY CANCEL THIS TRANSACTION

23
24 _____
25 (date)

26 _____
27 (consumer's signature)"

28 (c) If after work is initiated on the written contract for roofing repair additional roofing
29 repair is discovered or requested, any agreement to address those roofing repairs shall be
30 subject to the requirements of this section and G.S. 75-157.

31 **"§§ 75-154 through 75-156. Reserved.**

32 **"§ 75-157. Limited right to cancel contract if not covered by insurance.**

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

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

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

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

8 **"§§ 75-158 through 75-159. Reserved.**

9 **"§ 75-160. Prohibited conduct.**

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

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

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

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

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

25 a. Seek to obtain, or obtain, a power of attorney from or on behalf of a
26 consumer.

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

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

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

32 (5) Act as an adjuster as defined in G.S. 58-33-10(2) or a public adjuster as
33 defined in G.S. 58-33A-5(7).

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

36 **"§§ 75-161 through 75-165. Reserved.**

37 **"§ 75-166. Violations an unfair and deceptive trade practice.**

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

40 **SECTION 2.** G.S. 58-33-46(a) is amended by adding a new subdivision to read:

41 "(18) Improperly acting as a roofing repair contractor in violation of G.S. 75-160."

42 **SECTION 3.** G.S. 58-33A-45(a) is amended by adding a new subdivision to read:

43 "(15) Improperly acting as a roofing repair contractor in violation of G.S. 75-160."

44 **SECTION 4.** G.S. 58-33A-80 is amended by adding a new subsection to read:

45 "(l) A public adjuster shall not act as a contractor in the mitigation, repair, restoration of,
46 or act as a salvor of damaged property as related to First Party Property Insurance Losses."

47 **SECTION 5.** This act becomes effective August 1, 2017, and applies to contracts
48 for roofing repair entered into on or after that date.