

GENERAL ASSEMBLY OF NORTH CAROLINA
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HOUSE PRINCIPAL CLERK

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HOUSE DRH40357-MD-49 (03/04)

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

Sponsors: Representative Arp.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE CONSUMER PROTECTIONS RELATED TO ROOFING
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 Contractors.

9 **"§ 75-150. Definitions.**

10 The following definitions apply in this Article:

11 (1) Nonresident roofing contractor. – A roofing contractor who (i) has not
12 established and maintained a place of business as a roofing contractor in this
13 State within the preceding year, (ii) claims residency in another state, and
14 (iii) has not submitted an income tax return as a resident of this State within
15 the preceding year.

16 (2) Public contract. – A contract with the State of North Carolina, its political
17 subdivisions, or any board, commission, agency, or department thereof or
18 with any board of county commissioners or with any city council, school
19 board, or with any State or municipal agency or with any other public board,
20 body, commission, or agency authorized to award contracts for the
21 construction or reconstruction of public work. The term includes
22 subcontracts undertaken to perform works covered by the original contract
23 or any part thereof.

24 (3) Roofing contractor. – A person, including a nonresident roofing contractor,
25 engaged in the business of residential roofing services for a fee or who offers
26 to engage in or solicits roofing-related services, including construction,
27 installation, renovation, repair, maintenance, alteration, or waterproofing.
28 The term shall not include any of the following:

29 a. A person engaged in the demolition of a structure or the cleanup of
30 construction waste and debris that contains roofing material.

31 b. A person working under the direct supervision of a roofing contractor
32 who is hired either as an employee, day laborer, or contract laborer.

33 c. A person providing roofing related services as a subcontractor,
34 regardless of tier, under a licensed North Carolina general contractor.

35 **"§ 75-151. Construction of Article.**



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

7 **"§ 75-152. Prohibited conduct.**

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

- 9 (1) Advertise or promise or offer to pay or rebate all or any portion of any
10 insurance deductible as an inducement to the sale of any goods or services.
11 (2) Offer or provide any upgraded work, material, or product, grant any
12 allowance or offer any discount against the fees to be charged, or pay the
13 consumer or any person directly or indirectly associated with the property
14 any form of compensation, gift, prize, bonus, coupon, credit, referral fee,
15 trade-in or trade-in payment, advertising, or other fee or payment as an
16 inducement to the sale of any goods or services.
17 (3) Offer or provide anything of value in exchange for permitting the roofing
18 contractor to display a sign or any other type of advertisement at the
19 consumer's premises.
20 (4) Seek to obtain a power of attorney from or on behalf of a consumer, offer to
21 report or adjust a claim on behalf of a consumer, represent or negotiate, or
22 offer or advertise to represent or negotiate, obtain, or attempt to obtain an
23 assignment of claims rights or assignment of benefits or assignment of
24 proceeds, from or on behalf of either a consumer or of an owner or possessor
25 of residential real estate, on any insurance claim in connection with the
26 repair or replacement of roof systems, or the performance of any other
27 exterior repair, replacement, construction, or reconstruction work.

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

30 **"§ 75-153. Written contract required; required contents.**

31 A contract for roofing repairs, including a public contract, shall be in writing, signed by
32 both parties, and shall do all of the following:

- 33 (1) Include a copy of a repair estimate that contains all of the following
34 disclosures:
35 a. A precise description and location of all damage claimed on the
36 repair estimate.
37 b. An itemized estimate of repair costs, including the cost of raw
38 materials, hourly labor rate, and the number of hours for each item of
39 repair or a unit cost basis.
40 c. If damaged areas are not included on the repair estimate, a
41 specification of those areas and any reason for their exclusion from
42 the repair estimate.
43 d. A statement of whether or not the property was inspected prior to the
44 preparation of the estimate and a description of the nature of that
45 inspection, including a statement of whether or not the roof was
46 physically accessed.
47 e. A statement that the roofing contractor has made no assurances that
48 the claimed loss will be covered by an insurance policy.
49 (2) Include a disclosure that the consumer is responsible for payment for any
50 work performed if the insurer should deny payment or coverage on any part
51 of the loss.

- 1 (3) Be written in the same language as that principally used in any sales
2 presentation, oral or otherwise.
3 (4) Designate as the date of the transaction the date on which the consumer
4 actually signs the agreement or offer.
5 (5) Contain the name and physical address of the roofing contractor.
6 (6) Contain in immediate proximity to the space reserved for the signature of the
7 buyer in bold-face type of a minimum size of 10 points, a statement in
8 substantially the following form:

9
10 "You may cancel this contract or transaction at any time prior to midnight of
11 the third business day after you have received written notification from your
12 insurer that all or any part of the claim or contract is not a covered loss under
13 the insurance policy. See the attached Notice of Cancellation form for an
14 explanation of this right."

- 15
16 (7) Be accompanied by a completed form in duplicate that is captioned "Notice
17 of Cancellation," which shall be attached to the contract and easily
18 detachable and which shall contain in 10-point bold-face type the following
19 information and statements in the same language as that used in the contract:

20
21 "Notice of Cancellation
22 (enter date of transaction)
23 (date)

24
25 If you are notified by your insurer that all or any part of the claim or contract
26 is not a covered loss under the insurance policy, you may cancel the contract
27 by mailing or delivering a signed and dated copy of this cancellation notice
28 or any other written notice to (name of roofing contractor) at (address of
29 roofing contractor's place of business) at any time prior to midnight on the
30 third business day after you have received such written notice from your
31 insurer. If you cancel, any payments made by you under the contract will be
32 returned to you within 10 business days following receipt by the roofing
33 contractor of your cancellation notice, and any security interest arising out of
34 the transaction will be canceled.

35
36 I HEREBY CANCEL THIS TRANSACTION

37
38 _____
39 (date)
40
41 _____
42 (consumer's signature)"

- 43 (8) Include a statement indicating that the roofing contractor shall hold in trust
44 any payment from the property owner until the roofing contractor has
45 delivered roofing materials at the property site or has performed a majority
46 of the roofing work on the property.

47 **§ 75-154. Consumer's right to cancel contract if not covered by insurance.**

48 (a) Right to Cancel. – A consumer who has entered into a written contract with a
49 roofing contractor to provide goods or services to be paid from the proceeds of a property and
50 casualty insurance policy may cancel the contract at any time prior to midnight of the third
51 business day after the consumer has received written notification from the insurer that all or
any part of the claim or contract is not a covered loss under the insurance policy.

1 (b) Procedure for Cancellation. – Cancellation shall be evidenced by the consumer
2 giving written notice of cancellation to the roofing contractor at the address stated in the
3 contract. Notice of cancellation, if given by mail, is effective upon deposit into the United
4 States mail, postage prepaid, and properly addressed to the roofing contractor. Notice of
5 cancellation need not take a particular form and is sufficient if it indicates, by any form of
6 written expression, the intention of the consumer not to be bound by the contract.

7 (c) Refund of Payments to Consumer. – Within 10 days after a contract for roofing
8 repairs has been cancelled, the roofing contractor shall tender to the consumer any payments,
9 partial payments, or deposits made by the consumer and any note or other evidence of
10 indebtedness. If, however, the roofing contractor has performed any emergency services,
11 acknowledged by the consumer in writing to be necessary to prevent damage to the premises,
12 the roofing contractor is entitled to the reasonable value of such services. Any provision in a
13 contract for roofing repairs that in the event of cancellation requires the payment of any fee for
14 anything except emergency services shall constitute a violation of G.S. 75-1.1 and shall not be
15 enforceable against any consumer who has cancelled a contract under this section.

16 **"§ 75-155. Violations an unfair and deceptive trade practice.**

17 In addition to the other penalties set forth in this Article, a violation of this Article shall
18 constitute an unfair and deceptive trade practice under G.S. 75-1.1."

19 **SECTION 2.** This act becomes effective October 1, 2016.