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SENATE BILL DRS45225-MQ-81

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

Sponsors: Senators Sawyer, Gallimore, and Johnson (Primary Sponsors).

Referred to:

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 Article
6 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, including a total
17 replacement of the existing roofing system.
- 18 (4) Roofing repair contractor. – A person engaged in the business of residential
19 roofing services in North Carolina for a fee or who offers to engage in or
20 solicits roofing-related services, including construction, installation,
21 renovation, repair, maintenance, alteration, or waterproofing. The term shall
22 not include any of the following:
- 23 a. A licensed general contractor.
- 24 b. A person engaged in the demolition of a structure or the cleanup of
25 construction waste and debris that contains roofing material.
- 26 c. A person working under the direct supervision of a roofing repair
27 contractor who is hired either as an employee, day laborer, or contract
28 laborer.
- 29 d. A person providing roofing-related services as a subcontractor,
30 regardless of tier, under a licensed North Carolina general contractor.

31 **"§ 75-151. Construction and application of Article.**

32 (a) The requirements of this Article shall be construed to be in addition to, and not in lieu
33 of, any required licensure of persons for certain professions and trades in this State. This Article
34 shall not be deemed to conflict with or affect the authority of any State or local agency, board, or
35 commission whose duty and authority is to administer or enforce any law or ordinance or to



1 establish, administer, or enforce any policy, rule, qualification, or standard for any trade or
2 profession.

3 (b) The requirements of this Article apply to roofing repairs with an estimated cost of
4 more than one thousand dollars (\$1,000). The Commissioner of Insurance may increase the cost
5 threshold contained in this subsection no more than once every three years, based on market
6 conditions or inflation. The amount of any single increase to the cost threshold by the
7 Commissioner of Insurance may not exceed one hundred dollars (\$100.00).

8 **"§ 75-152. Reserved.**

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

10 (a) All contracts for roofing repair shall be in writing. The written contract shall contain
11 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 contractor
14 uses e-mail for business purposes, the contract shall also include that e-mail
15 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) A copy of a repair estimate that addresses all of the following disclosures:
 - 20 a. A precise description and location of all damage claimed on the repair
21 estimate.
 - 22 b. An itemized estimate of repair costs, including the cost of raw
23 materials, hourly labor rate, and the number of hours for each item of
24 repair or a unit cost basis.
 - 25 c. 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 the
27 nature of that inspection if an inspection was done, including a
28 statement of whether or not the roof was physically accessed.
- 29 (5) Language that is the same language as that principally used in the sales
30 presentation, oral or otherwise, to the consumer.
- 31 (6) A clear indication of the date on which the consumer actually signs the
32 contract.
- 33 (7) A statement indicating that the roofing repair contractor shall hold in trust any
34 payment from the consumer until the roofing repair contractor has delivered
35 roofing materials at the property site or has performed a majority of the
36 roofing work on the property, whichever occurs first.
- 37 (8) A provision stating that, upon acceptance of the terms of the roofing contract
38 by the consumer, the roofing contractor shall provide a certificate of liability
39 insurance to the consumer that is valid for the period for which the work is to
40 be performed.

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

- 45 (1) A disclosure that the consumer is responsible for payment for any work
46 performed if the insurer should deny payment or coverage on any part of the
47 loss.
- 48 (2) A statement that the roofing repair contractor has made no assurances that the
49 claimed loss will be covered by an insurance policy.

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

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

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

13 "Notice of Cancellation
14 (enter date of transaction)
15 (date)

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

22 I HEREBY CANCEL THIS TRANSACTION.

23 _____
24 (date)

25 _____
26 (consumer's signature)"

27 **§§ 75-154 through 75-156. Reserved.**

28 **§ 75-157. Limited right to cancel contract if not covered by insurance.**

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

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

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

48 (d) Emergency Services. – If the roofing repair contractor has performed any emergency
49 services, acknowledged by the consumer in writing to be necessary to prevent further damage to
50 the premises, the roofing repair contractor is entitled to the reasonable value of such emergency
51 services. Any provision in a written contract for roofing repairs that in the event of cancellation

1 requires the payment of any fee for anything except emergency services shall constitute a
2 violation of G.S. 75-1.1 and shall not be enforceable against any consumer who has cancelled a
3 contract under this section.

4 **"§§ 75-158 through 75-159. Reserved.**

5 **"§ 75-160. Prohibited conduct.**

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

7 (1) Advertise or otherwise promise or offer to pay, or pay, all or any portion of
8 any insurance deductible as an inducement to the sale of any materials, labor,
9 and/or services.

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

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

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

21 a. Seek to obtain or obtain a power of attorney from or on behalf of a
22 consumer.

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

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

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

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 repair contractor.

30 **"§§ 75-161 through 75-165. Reserved.**

31 **"§ 75-166. Violation an unfair and deceptive trade practice.**

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

34 **SECTION 2.** This act becomes effective October 1, 2019, and applies to contracts
35 for roofing repair entered into on or after that date.