

## **Part 2**

### **Right to Cancel Certain Residential Construction Contracts**

#### **13-50-201 Title.**

This part is known as "Right to Cancel Certain Residential Construction Contracts."

Enacted by Chapter 160, 2013 General Session

#### **13-50-202 Right to cancel.**

- (1) A person that enters into a written contract with a residential contractor for the performance of repair work on a residential building may cancel the contract if:
  - (a) at the time of the execution of the contract, the residential contractor knew or should have known that the person intended that all or part of the contract would be paid with proceeds of a property and casualty insurance policy;
  - (b) the property and casualty insurer denies any part of the person's claim relating to the repair work governed by the contract; and
  - (c) within five business days after the day on which the person receives written notice from the person's property and casualty insurer that all or part of the person's claim relating to the repair work governed by the contract is denied, the person deposits in the United States mail, or otherwise provides, written notice of cancellation to the physical address provided in the contract.
- (2) Except as provided in Subsection (3), within 10 business days after the day on which a person cancels a contract under Subsection (1), the residential contractor shall return to the person all payments, partial payments, deposits, and evidence of indebtedness made by the person in relation to the contract.
- (3) A residential contractor may retain or collect the reasonable value of any repair work described in the contract that was actually performed, if the owner of the residential building expressly instructed the residential contractor to perform the repair work without waiting for the property and casualty insurer to provide notice of whether it accepts or denies coverage of the contract.

Enacted by Chapter 160, 2013 General Session

#### **13-50-203 Required provisions.**

A written contract between a person and a residential contractor for the performance of repair work on a residential building shall:

- (1) include a notice of the person's right to cancel the contract, as described in Section 13-50-202, that is in substantially the following form:

"Utah Code Section 13-50-202 provides that if, when you signed this contract, the residential contractor knew or should have known that you intended that all or part of the contract would be paid with proceeds of a property and casualty insurance policy, you may cancel this contract within five business days after the day on which you receive written notification from your property and casualty insurer that your claim, or a portion of your claim, has been denied";
- (2) state the mailing address where the residential contractor receives written notice; and
- (3) include a detachable copy of a notice of cancellation that is in substantially the following form:

**"NOTICE OF CANCELLATION**

If your property and casualty insurer denies your claim, or a portion of your claim, to pay for the repair work to be provided under this contract, you may cancel the contract by mailing or delivering a signed and dated copy of this cancellation notice or any other written cancellation notice to \_\_\_\_\_ (name of residential contractor) at \_\_\_\_\_ (address where residential contractor receives notices) any time within five business days after the day on which you receive written notice from your property and casualty insurer that your claim, or a portion of your claim, for coverage of the repair services described in this contract has been denied. If you cancel, any payments made by you under the contract will be returned within 10 business days after the day on which the residential contractor receives your written cancellation notice, except that the residential contractor may retain or collect the reasonable value of any repair work actually performed, if you expressly instructed the residential contractor to perform the repair work without waiting for notice of coverage from your property and casualty insurer.

I HEREBY CANCEL THIS TRANSACTION.

Dated \_\_\_\_\_

Signature \_\_\_\_\_ "

Enacted by Chapter 160, 2013 General Session