

1 **RESIDENTIAL CONSTRUCTION CONTRACT AMENDMENTS**

2 2013 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: J. Stuart Adams**

5 House Sponsor: Brad R. Wilson

7 **LONG TITLE**

8 **General Description:**

9 This bill allows a person, under certain conditions, to cancel a contract for repair work
10 if the contract is to be paid with proceeds of a property and casualty insurance policy.

11 **Highlighted Provisions:**

12 This bill:

13 ▶ defines terms;

14 ▶ entitles a person to cancel a contract with a residential contractor for the
15 performance of repair work on a residential building if:

16 • at the time of the execution of the contract, the residential contractor knew or
17 should have known that any part of the contract would be paid by proceeds of a
18 property and casualty insurance policy;

19 • the property and casualty insurer denies any part of the claim; and

20 • the person provides the residential contractor written notice of cancellation
21 within five business days after the day on which the person receives written
22 notice of the denial;

23 ▶ requires a residential contractor to return any payments made under a cancelled
24 contract for repair work on a residential building, except for payments made for
25 certain authorized work actually performed; and

26 ▶ requires a contract described in this bill to include a notice that explains the person's
27 right to cancel and a notice of cancellation form.



28 **Money Appropriated in this Bill:**

29 None

30 **Other Special Clauses:**

31 None

32 **Utah Code Sections Affected:**

33 ENACTS:

34 **13-50-101**, Utah Code Annotated 1953

35 **13-50-102**, Utah Code Annotated 1953

36 **13-50-201**, Utah Code Annotated 1953

37 **13-50-202**, Utah Code Annotated 1953

38 **13-50-203**, Utah Code Annotated 1953



40 *Be it enacted by the Legislature of the state of Utah:*

41 Section 1. Section **13-50-101** is enacted to read:

42 **CHAPTER 50. RESIDENTIAL CONSTRUCTION CONTRACTS ACT**

43 **Part 1. General Provisions**

44 **13-50-101. Title.**

45 (1) This chapter is known as the "Residential Construction Contracts Act."

46 (2) This part is known as "General Provisions."

47 Section 2. Section **13-50-102** is enacted to read:

48 **13-50-102. Definitions.**

49 As used in this chapter:

50 (1) "Repair work" means any work done to siding, gutters, a roof system, or a window
51 system to repair damage caused by wind or hail.

52 (2) "Residential building" means a single or multiple family dwelling of up to four
53 units.

54 (3) "Residential contractor" means a person that, for compensation, other than wages as
55 an employee, contracts or offers to contract to perform repair work on a residential building.

56 (4) "Roof system" includes roof coverings, roof sheathing, roof weatherproofing, roof
57 framing, roof ventilation, and roof insulation.

58 Section 3. Section **13-50-201** is enacted to read:

59 **Part 2. Right to Cancel Certain Residential Construction Contracts**

60 **13-50-201. Title.**

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

62 Section 4. Section **13-50-202** is enacted to read:

63 **13-50-202. Right to cancel.**

64 (1) A person that enters into a written contract with a residential contractor for the
65 performance of repair work on a residential building may cancel the contract if:

66 (a) at the time of the execution of the contract, the residential contractor knew or
67 should have known that the person intended that all or part of the contract would be paid with
68 proceeds of a property and casualty insurance policy;

69 (b) the property and casualty insurer denies any part of the person's claim relating to the
70 repair work governed by the contract; and

71 (c) within five business days after the day on which the person receives written notice
72 from the person's property and casualty insurer that all or part of the person's claim relating to
73 the repair work governed by the contract is denied, the person deposits in the United States
74 mail, or otherwise provides, written notice of cancellation to the physical address provided in
75 the contract.

76 (2) Except as provided in Subsection (3), within 10 business days after the day on
77 which a person cancels a contract under Subsection (1), the residential contractor shall return to
78 the person all payments, partial payments, deposits, and evidence of indebtedness made by the
79 person in relation to the contract.

80 (3) A residential contractor may retain or collect the reasonable value of any repair
81 work described in the contract that was actually performed, if the owner of the residential
82 building expressly instructed the residential contractor to perform the repair work without
83 waiting for the property and casualty insurer to provide notice of whether it accepts or denies
84 coverage of the contract.

85 Section 5. Section **13-50-203** is enacted to read:

86 **13-50-203. Required provisions.**

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

89 (1) include a notice of the person's right to cancel the contract, as described in Section

90 13-50-202, that is in substantially the following form:

91 "Utah Code Section 13-50-202 provides that if, when you signed this contract, the
92 residential contractor knew or should have known that you intended that all or part of the
93 contract would be paid with proceeds of a property and casualty insurance policy, you may
94 cancel this contract within five business days after the day on which you receive written
95 notification from your property and casualty insurer that your claim, or a portion of your claim,
96 has been denied";

97 (2) state the mailing address where the residential contractor receives written notice;
98 and

99 (3) include a detachable copy of a notice of cancellation that is in substantially the
100 following form:

101 "NOTICE OF CANCELLATION

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

115 I HEREBY CANCEL THIS TRANSACTION.

116 Dated _____

117 Signature _____"

Legislative Review Note
as of 2-11-13 11:05 AM

Office of Legislative Research and General Counsel