

Chapter 50
Residential Construction Contracts Act

Part 1
General Provisions

13-50-101 Title.

- (1) This chapter is known as the "Residential Construction Contracts Act."
- (2) This part is known as "General Provisions."

Enacted by Chapter 160, 2013 General Session

13-50-102 Definitions.

As used in this chapter:

- (1) "Rebate" means:
 - (a) any allowance or discount against charged fees; or
 - (b) payment of any form of compensation, except for an item of nominal value, to:
 - (i) an insured; or
 - (ii) a person directly or indirectly associated with a residential building.
- (2) "Repair work" means any work done to siding, gutters, a roof system, or a window system to repair damage caused by wind or hail.
- (3) "Residential building" means a single or multiple family dwelling of up to four units.
- (4) "Residential contractor" means a person that, for compensation, other than wages as an employee, contracts or offers to contract to:
 - (a) perform repair work on a residential building;
 - (b) arrange for, manage, or process repair work on a residential building; or
 - (c) serve as a representative, agent, or assignee of the owner or possessor of a residential building for purposes of repair work on the residential building.
- (5) "Roof system" includes roof coverings, roof sheathing, roof weatherproofing, roof framing, roof ventilation, and roof insulation.

Amended by Chapter 88, 2020 General Session

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

Part 3
Insured Homeowners Protection Act

13-50-301 Post-loss assignment of rights or benefits to a residential contractor.

- (1) A post-loss assignment of rights or benefits to a residential contractor under a property and casualty insurance policy insuring a residential building:
- (a) may authorize a residential contractor to be named as a copayee for the payment of benefits under a property and casualty insurance policy covering the residential building;
 - (b) shall include:
 - (i) an itemized description of the work to be done on the insured residential building; and
 - (ii) the total amount the insured agreed to pay for the work described in Subsection (1)(b)(i);
 - (c) shall include a statement that the residential contractor has made no assurances that an insurance contract will fully cover the claimed loss;
 - (d) shall include a notice in substantially the following form and in capitalized 14-point type:

"YOU ARE AGREEING TO GIVE UP CERTAIN RIGHTS YOU HAVE UNDER YOUR INSURANCE POLICY. PLEASE READ AND UNDERSTAND THIS DOCUMENT BEFORE SIGNING.

THE ITEMIZED DESCRIPTION OF THE WORK TO BE DONE SHOWN IN THIS ASSIGNMENT FORM HAS NOT BEEN AGREED TO BY THE INSURER. THE INSURER HAS THE RIGHT TO PAY ONLY FOR THE COST TO REPAIR OR REPLACE DAMAGED PROPERTY CAUSED BY A COVERED PERIL.";
 - (e) may not impair the interest of a mortgagee listed on the declarations page of the property and casualty insurance policy that is the subject of the assignment; and
 - (f) may not prevent or inhibit an insurer from communicating with a named insured listed on the declarations page of the property and casualty insurance policy that is the subject of the assignment.
- (2) A party receiving the assignment described in Subsection (1) shall:
- (a) deliver the assignment to the insurer of the residential building within five business days after the earlier of the day on which:
 - (i) the assignment is executed; or
 - (ii) repair work begins on the residential building; and
 - (b) cooperate with the insurer of the residential building in an investigation into the claimed loss by:
 - (i) providing each document and record the insurer requests; and
 - (ii) complying with each post-loss duty included in the insurance policy.

Enacted by Chapter 88, 2020 General Session

13-50-302 Residential contractor, prohibited acts.

A residential contractor may not rebate or offer to rebate any portion of an insurance deductible as an inducement to the sale of a good or service.

Enacted by Chapter 88, 2020 General Session

13-50-303 Violation notice.

(1) Any written contract, repair estimate, or work order that a residential contractor prepares to provide a good or service paid for from the proceeds of a property and casualty insurance policy shall include a notice of the prohibition described in Section 13-50-302 in substantially the following form and in capitalized 14-point type:

"IT IS A VIOLATION OF UTAH LAW FOR A RESIDENTIAL CONTRACTOR TO REBATE ANY PORTION OF AN INSURANCE DEDUCTIBLE AS AN INDUCEMENT TO THE INSURED TO ACCEPT A RESIDENTIAL CONTRACTOR'S PROPOSAL TO REPAIR DAMAGED PROPERTY. REBATE OF A DEDUCTIBLE INCLUDES GRANTING ANY ALLOWANCE OR OFFERING ANY DISCOUNT AGAINST THE FEES TO BE CHARGED FOR WORK TO BE PERFORMED OR PAYING THE INSURED POLICYHOLDER THE DEDUCTIBLE AMOUNT SET FORTH IN THE INSURANCE POLICY.

THE INSURED POLICY HOLDER IS PERSONALLY RESPONSIBLE FOR PAYMENT OF THE DEDUCTIBLE."

(2) Under any agreement in which a residential contractor provides a good or service paid for from the proceeds of a property and casualty insurance policy, no payment may be made to the residential contractor until:

- (a) the named insured signs the notice described in Subsection (1); and
- (b) the residential contractor delivers the notice signed in accordance with Subsection (2)(a) to the named insured's insurance company.

Enacted by Chapter 88, 2020 General Session

13-50-304 Violation of part.

A post-loss assignment of rights or benefits entered into with a residential contractor is void if the residential contractor violates a provision of this part.

Enacted by Chapter 88, 2020 General Session