

## HOME IMPROVEMENT CONTRACTING

### §2175.1. Home improvement contracting; written contract required; right to cancel

A. Every agreement to perform home improvement contracting services, as defined by this Part, in an amount in excess of one thousand five hundred dollars, but not in excess of seventy-five thousand dollars, shall be in writing and shall include the following documents and information:

- (1) The complete agreement between the owner and the contractor and a clear description of any other documents which are or shall be incorporated into the agreement.
- (2) The full names, addresses, and the registration number of the home improvement contractor.
- (3) A detailed description of the work to be done and the materials to be used in the performance of the contract.
- (4) (a) The total amount agreed to be paid for the work to be performed under the contract including all change orders and work orders.  
(b) An approximation of the cost expected to be borne by the owner under a cost-plus contract or a time-and-materials contract.
- (5) The signature of all parties.

(6) If the contract is for goods or services in connection with the repair or replacement of a roof system to be paid from the proceeds of a property or casualty insurance policy, a statement in boldface type of a minimum size of ten points, in substantially the following form:

"You may cancel this contract in connection with the repair or replacement of a roof system at any time within seventy-two hours after you have been notified that your insurer has denied all or any part of your claim to pay for the goods and services to be provided under this contract. See attached notice of cancellation form for an explanation of this right."

(7) If the contract is for goods or services in connection with the repair or replacement of a roof system to be paid from the proceeds of a property or casualty insurance policy, a fully completed form in duplicate, captioned "NOTICE OF CANCELLATION", which shall be attached to the contract but easily detachable, and which shall contain, in boldface type of a minimum size of ten points, the following statement:

#### "NOTICE OF CANCELLATION"

If your insurer denies all or any part of your claim to pay for goods and services in connection with the repair or replacement of a roof system 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 notice to (name of home improvement contractor) at (address of contractor's place of business) at any time within seventy-two hours after you have been notified that your claim has been denied. If you cancel, any payments made by you under the contract, except for certain emergency work already performed by the contractor, shall be returned to you within ten business days following receipt by the contractor of your cancellation notice.

I HEREBY CANCEL THIS TRANSACTION

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Insured's Signature)

B. At the time of signing, the owner shall be furnished with a copy of the contract signed by both the home improvement contractor and the owner. No work shall begin prior to the signing of the contract and transmittal to the owner of a copy of the contract.

C. Contracts which fail to comply with the requirements of this Section shall not be invalid solely because of noncompliance.

D.(1) A person who has entered into a written contract with a home improvement contractor to provide goods or services in connection with the repair or replacement of a roof system to be paid from the proceeds of a property or casualty insurance policy may cancel the contract within seventy-two hours after the insured party has been notified by the insurer that all or any part of the claim has been denied. Cancellation shall be evidenced by the insured party giving written notice of cancellation to the home improvement contractor at the address stated in the contract. Notice of cancellation, if given by mail, shall be by certified mail, return receipt requested, and shall be effective upon deposit into the United States mail, postage prepaid, and properly addressed to the home improvement contractor. Notice of cancellation need not take a particular form and shall be sufficient if it indicates, by any form of written expression, the intention of the insured party not to be bound by the contract.

(2) Within ten days after a contract referred to in this Subsection has been cancelled, the home improvement contractor shall tender to the owner or possessor of the residential real estate any payments, partial payments, or deposits made by the insured party and any note or other evidence of indebtedness. If, however, the home improvement contractor has performed any emergency services, acknowledged by the insured in writing to be necessary to prevent damage to the premises, the home improvement contractor shall be entitled to the reasonable value of such services.

E. For the purposes of this Part, "roof system" means the components of a roof, including but not limited to covering, insulation, and ventilation.

### **§2175.2. Home improvement contracting; registration required**

- A. (1) No person shall undertake, offer to undertake, or agree to perform home improvement contracting services unless registered with and approved by the Residential Building Contractors Subcommittee of the State Licensing Board for Contractors as a home improvement contractor.
- (2) Any home improvement contractor who possesses a certificate of registration from the subcommittee as of October 1, 2007, shall be entitled to complete any preexisting contracts he has entered into in excess of seventy-five thousand dollars without having to obtain a residential contractor's license as provided for in this Chapter. However, such home improvement contractor shall be required to obtain a residential contractor's license prior to bidding or entering into any contracts in excess of seventy-five thousand dollars after October 1, 2007.
- B. In order to be registered as a home improvement contractor, an applicant must make a written application under oath to the subcommittee. The application shall set forth information that includes the following:
- (1) The applicant's name, home address, business address, and social security number.
- (2) The names and addresses of any and all owners, partners, or trustees of the applicant including, in case of corporate entities, the names and addresses of any and all officers, directors, and principal shareholders. This Section shall not apply to publicly traded companies.
- (3) A statement whether the applicant has ever been previously registered in the state as a home improvement contractor, under what other names he was previously registered, whether there have been previous judgments or arbitration awards against him, and whether his registration has ever been suspended or revoked.
- C. The applicant shall furnish the board **proof of general liability insurance in a minimum amount of one hundred thousand dollars**, proof of workers' compensation insurance and proof of registration with the Department of Revenue by providing a certificate of resident/nonresident status.
- D. The subcommittee shall fix fees, in an amount not to exceed fifty dollars, in a manner established by its rules for the registration and renewal for home improvement contractors.
- E. No application for registration or renewal conforming to the requirements of this Section may be denied or revoked except for a finding by the subcommittee that the applicant has done one or more of the following acts which are grounds for denial:
- (1) Made material omissions or misrepresentations of fact on their application for registration or renewal.
- (2) Failed to pay either the registration fee or renewal fee.
- (3) Failed consistently to perform contracts or has performed contracts in an unworkmanlike manner or has failed to complete contracts with no good cause or has engaged in fraud or bad faith with respect to such contracts.
- F. The subcommittee shall issue and deliver a certificate of registration to all applicants who have been approved for registration. Each certificate of registration issued by the subcommittee shall bear a number which shall be valid for one year from the date of its issuance and may be renewed upon approval of the subcommittee. The certificate shall not be transferable.
- Acts 2003, No. 1146, §2; Acts 2004, No. 724, §1; Acts 2007, No. 398, §1.

### **§2175.3. Home improvement contracting; prohibited acts; violations**

- A. The following acts are prohibited by persons performing home improvement contracting services:
- (1) Operating without a certificate of registration issued by the subcommittee.
- (2) Abandoning or failing to perform, without justification, any contract or project engaged in or undertaken by a registered home improvement contractor, or deviating from or disregarding plans or specifications in any material respect without the consent of the owner.
- (3) Failing to credit the owner any payment they have made to the home improvement contractor in connection with a home improvement contracting transaction.
- (4) Making any material misrepresentation in the procurement of a contract or making any false promise likely to influence, persuade, or induce the procurement of a contract.
- (5) Violation of the building code of the state or municipality.
- (6) Failing to notify the subcommittee of any change of trade name or address, or conducting a home improvement contracting business in any name other than the one in which the home improvement contractor is registered.
- (7) Failing to pay for materials or services rendered in connection with his operating as a home improvement contractor where he has received sufficient funds as payment for the particular construction work, project, or operation for which the services or material were rendered or purchased.
- (8) Making a false representation that the person is a state licensed general contractor.
- (9) **Advertising or promising to pay or rebate all or any portion of an applicable insurance deductible as an inducement to the sale of goods or services in connection with the repair or replacement of a roof system. For the purposes of this Section, a promise to pay or rebate the insurance deductible shall include granting any allowance or offering any discount against the fees to be charged or paying the insured party any form of compensation for any reason, including but not limited to permitting the home improvement contractor to display a sign or any other type of advertisement at the insured party's premises, or paying an insured party for providing a letter of referral or recommendation. If a home improvement contractor violates this Paragraph:**
- (a) **The insurer to whom the insured party tendered the claim shall not be obligated to consider the estimate prepared by the home improvement contractor.**
- (b) **The insured party or the applicable insurer may bring an action against the home improvement contractor in a court of competent jurisdiction for damages sustained as a result of the home improvement contractor's violation.**

(10) Failing to obtain any insurance required by federal law.

**B.(1)** Violations of this Section shall subject the violator to the administrative sanctions as prescribed in this Part.

(2) A violation of Paragraph (A)(9) of this Section shall constitute a prohibited practice under the Unfair Trade Practices and Consumer Protection Law, R.S. 51:1401 et seq., and shall be subject to the enforcement provisions of that Chapter.

Acts 2003, No. 1146, §2., Acts 2012, No. 193

#### **§2175.4. Home improvement contracting; administrative penalties**

- A. If the subcommittee determines that any registrant is liable for violation of any of the provisions contained in this Part, the subcommittee may suspend the registrant's certificate of registration for such period of time as shall be determined by the subcommittee, revoke the registrant's certificate of registration, or reprimand the registrant.
- B. The subcommittee may assess an administrative penalty not to exceed one hundred dollars or twenty five percent of the total contract price, whichever is greater, payable within thirty days of their order, for each violation of any of the provisions of this Part, committed by the home improvement contractor who is registered or who is required to be registered, plus any administrative costs incurred by the subcommittee.
- C. In determining whether to impose an administrative penalty, the administrator shall consider the seriousness of the violation, the effect of the violation on the complainant, any good faith on the part of the home improvement contractor, and the home improvement contractor's history of previous violations.

Acts 2003, No. 1146, §2.

#### **§2175.5. Home improvement contracting; exceptions**

A. The following persons are excepted from the provisions of this Part:

- (1) The state or any of its political subdivisions.
- (2) A homeowner who physically performs the home improvement work on his personal residence.
- (3) Persons licensed as a contractor, subcontractor, or residential building contractor pursuant to Chapter 24 of this Title.
- (4) Electricians, plumbers, architects, or other persons who are required by law to attain standards of competency or experience as a prerequisite to licensure for and engaging in such profession who are acting exclusively within the scope of the profession for which they are currently licensed pursuant to such other law.
- (5) Any person who performs labor or services for a home improvement contractor for wages or salary and who does not act in the capacity as a home improvement contractor.
- (6) Any person who works exclusively in any of the following home improvement areas:
  - (a) Landscaping.
  - (b) Interior painting or wall covering.

B. Nothing in this Section shall be construed to waive local and state health and life safety code requirements.

Acts 2003, No. 1146, §2.

#### **§2175.6. Home improvement contracting; claims of unregistered persons**

No home improvement contractor who fails to obtain a certificate of registration as provided for in this Part shall be entitled to file a statement of claim or a statement of lien or privilege with respect to monetary sums allegedly owed under any contract, whether express, implied, or otherwise, when any provision of this Part requires that the home improvement contractor possess a certificate of registration issued by the subcommittee in order to have properly entered into such a contract.

Acts 2007, No. 398, §1.