

H. 3409		
Sponsor(s): Reps. Sandifer & Bales	Introduced: 1/23/2013	Referred: Labor, Commerce, and Industry Committee

CURRENT LAW/BACKGROUND

Certain unscrupulous roofers, residential builders, and residential contractors are approaching homeowners offering to perform roofing repairs under a false assurance that the repairs are necessary, time-sensitive, and will be covered by a homeowner's insurance policy. Often, when the homeowner contacts the insurance company, an adjustor informs the homeowner that the repairs were likely unnecessary, and are not covered by their policy. The builder or contractor demands payment upon the contract regardless of the adjustor's assessment. These contractors and builders purposefully avoid the licensing and registration requirements of the South Carolina Residential Builders Commission ("Commission") making it nearly impossible for homeowners to identify or track them down. Homeowners have lost thousands of dollars, and are left with no recourse.

SYNOPSIS OF BILL AS REFERRED

H. 3409 amends Article 1, Chapter 59, Title 40 of the South Carolina Code by adding section 40-59-25 to provide that a homeowner who has entered into a written contract for roof repairs to be paid for under the terms of an insurance policy has a five-day grace period during which they may cancel the contract after receiving written notice that the insurer will not cover the cost of repairs. Cancellation requires written notice of the homeowner's intention not to be bound by the terms of the contract mailed to the address of the builder or contractor as listed in the contract. Contractors and builders are also required to notify the homeowner of this right to cancel by placing a statement in the contract itself. In addition to the contract's statement, a cancellation notice must also be attached to the contract. This notice may be mailed to the contractor or builder's address listed thereon to serve as the requisite notice that the homeowner shall not be bound by the terms of the contract. Contractors or builders may not collect any payment for repairs until the five-day cancellation period has elapsed unless those costs were for emergency services which the homeowner separately acknowledges in writing to be necessary.

Contractors and builders are also forbidden from representing or offering to represent the homeowner in any negotiations with the insurance provider, or offering a rebate of any portion of an insurance deductible to entice the homeowner to enter into a contract.

H.3409 also amends Section 40-59-110 to include violations of Section 40-59-25 within the meaning of misconduct.

SYNOPSIS OF BILL AS AMENDED BY THE HOUSE

The amendment clarifies that the provisions of the bill apply to persons performing goods or services related to a roofing system under the bill without regard to their status as being registered or licensed by LLR.

SYNOPSIS OF BILL AS AMENDED BY THE SENATE

The Senate amendment makes clear that the bill does NOT prohibit a homeowner from consulting with a roofer regarding the existence or extent of roof damage. The bill as introduced allowed for such communication, but did not contain language providing that a homeowner owner is not prevented from consulting with a builder, contractor, or other person of his choice to provide an evaluation of the condition of his roof system.