

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Home Repair and Remodeling Act is amended by
5 adding Section 18 and by changing Section 20 as follows:

6 (815 ILCS 513/18 new)

7 Sec. 18. Repairs following damaging weather.

8 (a) As used in this Section, "catastrophe" means a natural
9 occurrence, including but not limited to flood, drought,
10 earthquake, tornado, windstorm, or hailstorm, which damages or
11 destroys more than one residence.

12 (b) A contractor offering home repair or remodeling
13 services shall not advertise or promise to pay or rebate all or
14 any portion of any insurance deductible as an inducement to the
15 sale of goods or services. As used in this Section, a promise
16 to pay or rebate includes granting any allowance or offering
17 any discount against the fees to be charged or paying the
18 insured or any person directly or indirectly associated with
19 the property any form of compensation.

20 (c) A contractor offering home repair or remodeling
21 services shall not accept money or any form of compensation in
22 exchange for allowing an out of area contractor to use its
23 business name or license.

1 (d) A contractor offering home repair or remodeling
2 services shall include its Illinois State roofing contractor
3 license name and number as it appears on its Illinois State
4 roofing license on all contracts, bids, and advertisements
5 involving roofing work as required by the Illinois Roofing
6 Industry Licensing Act.

7 (e) A person who has entered into a written contract with a
8 contractor offering home repair or remodeling services to
9 provide goods or services to be paid from the proceeds of a
10 property and casualty insurance policy may cancel the contract
11 prior to midnight on the earlier of the fifth business day
12 after the insured has received written notice from the insurer
13 that all or any part of the claim or contract is not a covered
14 loss under the insurance policy or the thirtieth business day
15 after receipt of a properly executed proof of loss by the
16 insurer from the insured. Cancellation is evidenced by the
17 insured giving written notice of cancellation to the contractor
18 offering home repair or remodeling services at the address
19 stated in the contract. Notice of cancellation, if given by
20 mail, is effective upon deposit into the United States mail,
21 postage prepaid and properly addressed to the contractor.
22 Notice of cancellation may be given by delivering or mailing a
23 signed and dated copy of the written notice of cancellation to
24 the contractor's business address as stated in the contract.
25 Notice of cancellation shall include a copy of the written
26 notice from the insurer to the effect that all or part of the

1 claim is not a covered loss under the insurance policy. Notice
2 of cancellation need not take a particular form and is
3 sufficient if it indicates, by any form of written expression,
4 the intention of the insured not to be bound by the contract.

5 (f) Any contract referred to in subsection (e), must
6 contain a statement in at least 10 point boldface, in
7 substantially the following form:

8 "You may cancel this contract at any time before
9 midnight on the earlier of the fifth business day after
10 you have received written notification from your
11 insurer that all or any part of the claim or contract
12 is not a covered loss under the insurance policy or the
13 thirtieth business day after your insurer has received
14 properly executed proof(s) of loss from you. See
15 attached notice of cancellation form for an
16 explanation of this right."

17 (g) Upon executing a contract referred to in subsection
18 (e), furnish each insured a fully completed form in duplicate,
19 captioned "NOTICE OF CANCELLATION", which shall be attached to
20 the contract but easily detachable, and which shall contain
21 boldface type of a minimum size of 10 points the following
22 statement with the appropriate fields completed by the
23 contractor:

24 "NOTICE OF CANCELLATION

25 If you are notified by your insurer that all or any
26 part of the claim or contract is not a covered loss

1 under the insurance policy, you may cancel the contract
 2 by mailing or delivering a signed and dated copy of
 3 this cancellation notice or any other written notice to
 4 (name of contractor) at (address of contractor's place
 5 of business) at any time prior to midnight on the
 6 earlier of the fifth business day after you have
 7 received such notice from your insurer or the thirtieth
 8 business day after your insurer has received properly
 9 executed proof(s) of loss from you. If you cancel, any
 10 payments made by you under the contract, other than
 11 payments for goods or services related to a catastrophe
 12 which you agreed in writing to be necessary to prevent
 13 damage to your property, will be returned to you within
 14 10 business days following receipt by the contractor of
 15 your cancellation notice.

16 I HEREBY CANCEL THIS TRANSACTION
 17
 18 (date)
 19
 20 (insured's signature)".

21 (h) Within 10 days after a contract referred to in
 22 subsection (e) has been cancelled, the contractor offering home
 23 repair or remodeling services shall tender to the insured any
 24 payments, partial payments, or deposits made by the insured and
 25 any note or other evidence of indebtedness. If, however, the
 26 contractor has provided any goods or services related to a

1 catastrophe, acknowledged and agreed to by the insured in
2 writing to be necessary to prevent damage to the premises, the
3 contractor is entitled to the reasonable value of such goods
4 and services. Any provision in a contract referred to in
5 subsection (e) that requires the payment of any fee for
6 anything except goods or services related to a catastrophe
7 shall not be enforceable against any insured who has cancelled
8 a contract pursuant to this Section.

9 (i) A contractor offering home repair or remodeling
10 services shall not represent, or offer or advertise to
11 represent, on behalf of a homeowner on any insurance claim in
12 connection with the repair or replacement of roof systems, or
13 the performance of any other exterior repair, replacement,
14 construction or reconstruction work; or otherwise violate the
15 Public Adjusters Law. A contractor offering home repair or
16 remodeling services shall not call in or file a claim to an
17 insurance carrier on the insured's behalf. A contractor
18 offering home repair or remodeling services shall not climb on
19 a roof or inspect for exterior damage without the insured's
20 express permission. Nothing in this subsection shall be
21 construed to prohibit a residential contractor from: (1)
22 providing an insured an estimate for repair, replacement,
23 construction, or reconstruction of the insured's property and
24 any such estimate may be submitted to the insured's insurance
25 company; (2) conferring with an insurance company's
26 representative about damage to an insured's property; or (3)

1 discussing repair or replacement options with an insurance
2 company's representative or the insured about options for the
3 repair or replacement of the damage.

4 (815 ILCS 513/20)

5 Sec. 20. Consumer rights brochure.

6 (a) For any contract over \$1,000, any person engaging in
7 the business of home repair and remodeling shall provide to its
8 customers a copy of the "Home Repair: Know Your Consumer
9 Rights" pamphlet prior to the execution of any home repair and
10 remodeling contract. The consumer shall sign and date an
11 acknowledgment form entitled "Consumer Rights Acknowledgment
12 Form" that states: "I, the homeowner, have received from the
13 contractor a copy of the pamphlet entitled 'Home Repair: Know
14 Your Consumer Rights.'" The contractor or his or her
15 representative shall also sign and date the acknowledgment
16 form, which includes the name and address of the home repair
17 and remodeling business. The acknowledgment form shall be in
18 duplicate and incorporated into the pamphlet. The original
19 acknowledgment form shall be retained by the contractor and the
20 duplicate copy shall be retained within the pamphlet by the
21 consumer.

22 (b) For any contract for \$1,000 or under, any person
23 engaging in the business of home repair and remodeling shall
24 provide to its customers a copy of the "Home Repair: Know Your
25 Consumer Rights" pamphlet. No written acknowledgment of

1 receipt of the pamphlet is required for a contract of \$1,000 or
2 under.

3 (c) The pamphlet must be a separate document, in at least
4 12 point type, and in legible ink. The pamphlet shall read as
5 follows:

6 "HOME REPAIR: KNOW YOUR CONSUMER RIGHTS

7 As you plan for your home repair/improvement project, it is
8 important to ask the right questions in order to protect your
9 investment. The tips in this fact sheet should allow you to
10 protect yourself and minimize the possibility that a
11 misunderstanding may occur.

12 AVOIDING HOME REPAIR FRAUD

13 Please use extreme caution when confronted with the following
14 warning signs of a potential scam:

15 (1) Door-to-door salespersons with no local connections
16 who offer to do home repair work for substantially less than
17 the market price.

18 (2) Solicitations for repair work from a company that lists
19 only a telephone number or a post-office box number to contact,
20 particularly if it is an out-of-state company.

21 (3) Contractors who fail to provide customers references
22 when requested.

1 the contractor's real name, the business must either be
2 incorporated or registered under the Assumed Business Name Act.
3 Check with the Secretary of State to see if the business is
4 incorporated or with the county clerk to see if the business
5 has registered under the Assumed Business Name Act.

6 (6) Homeowners should check with local and county units of
7 government to determine if permits or inspections are required.

8 (7) Determine whether the contractor will guarantee his or
9 her work and products.

10 (8) Determine whether the contractor has the proper
11 insurance.

12 (9) Do not sign a certificate of completion or make final
13 payment until the work is done to your satisfaction.

14 (10) Remember, homeowners should know who provides
15 supplies and labor for any work performed on your home.
16 Suppliers and subcontractors have a right to file a lien
17 against your property if the general contractor fails to pay
18 them. To protect your property, request lien waivers from the
19 general contractor.

20 BASIC TERMS TO BE INCLUDED IN A CONTRACT

21 (1) Contractor's full name, address, and telephone number.
22 Illinois law requires that persons selling home repair and
23 improvement services provide their customers with notice of any
24 change to their business name or address that comes about prior

1 to the agreed dates for beginning or completing the work.

2 (2) A description of the work to be performed.

3 (3) Starting and estimated completion dates.

4 (4) Total cost of work to be performed.

5 (5) Schedule and method of payment, including down payment,
6 subsequent payments, and final payment.

7 (6) A provision stating the grounds for termination of the
8 contract by either party. However, the homeowner must pay the
9 contractor for work completed. If the contractor fails to
10 commence or complete work within the contracted time period,
11 the homeowner may cancel and may be entitled to a refund of any
12 down payment or other payments made towards the work, upon
13 written demand by certified mail.

14 (7) A provision stating the grounds for termination of the
15 contract if you are notified by your insurer that all or any
16 part of the claim or contract is not a covered loss under the
17 insurance policy, you may cancel the contract by mailing or
18 delivering written notice to (name of contractor) at (address
19 of contractor's place of business) at any time prior to
20 midnight on the fifth business day after you have received such
21 notice from your insurer. If you cancel, any payments made by
22 you under the contract will be returned to you within 10
23 business days following receipt by the contractor of your
24 cancellation notice. If, however, the contractor has provided
25 any goods or services related to a catastrophe, acknowledged
26 and agreed to by the insured homeowner in writing to be

1 necessary to prevent damage to the premises, the contractor is
2 entitled to the reasonable value of such goods and services.

3 Homeowners should obtain a copy of the signed contract and
4 keep it in a safe place for reference as needed.

5 To file a complaint against a roofing contractor, contact
6 the Illinois Department of Financial and Professional
7 Responsibility at 312-814-6910 or file a complaint directly on
8 its website.

9 IF YOU THINK YOU HAVE BEEN DEFRAUDED OR YOU HAVE QUESTIONS

10 If you think you have been defrauded by a contractor or
11 have any questions, please bring it to the attention of your
12 State's Attorney or the Illinois Attorney General's Office.

13 Attorney General Toll-Free Numbers

14 Carbondale (800) 243-0607

15 Springfield (800) 243-0618

16 Chicago (800) 386-5438".

17 (Source: P.A. 91-230, eff. 1-1-00.)