
SUBSTITUTE SENATE BILL 6124

State of Washington

53rd Legislature

1994 Regular Session

By Senate Committee on Labor & Commerce (originally sponsored by Senators Prentice, Newhouse, Fraser, Haugen, Winsley, Franklin and Oke)

Read first time 02/04/94.

1 AN ACT Relating to the protection of a homeowner's equity by
2 prohibiting certain unfair business practices; adding a new section to
3 chapter 19.146 RCW; adding a new chapter to Title 19 RCW; and creating
4 a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that many homeowners
7 are solicited by siding and roofing contractors to purchase home
8 improvements. Some contractors misrepresent the financing terms or the
9 cost of the improvements, preventing the homeowner from making an
10 informed decision about whether the improvements are affordable. The
11 result is that many homeowners face financial hardship including the
12 loss of their homes through foreclosure. The legislature declares that
13 this is a matter of public interest. It is the intent of the
14 legislature to establish rules of business practice for roofing and
15 siding contractors to promote honesty and fair dealing with homeowners.

16 NEW SECTION. **Sec. 2.** Unless the context clearly requires
17 otherwise, the definitions in this section apply throughout this
18 chapter.

1 (1) "Roofing or siding contract" means an agreement between a
2 roofing or siding contractor or salesperson and a homeowner that
3 includes, in part, an agreement to install, repair or replace
4 residential roofing or siding for a total cost including labor and
5 materials in excess of one thousand dollars.

6 This chapter does not apply to the following contracts:

7 (a) Residential remodel or repair contracts where the cost
8 specified for roofing or siding is less than twenty percent of the
9 total contract price;

10 (b) Contracts where the roofing or siding is part of a contract to
11 build a new dwelling or an addition that provides additional living
12 space under roof on an existing dwelling; or

13 (c) Contracts for emergency repairs made necessary by a natural
14 disaster such as an earthquake, wind storm, or hurricane, or after a
15 fire in the dwelling.

16 (2) "Roofing or siding contractor" means a person who owns or
17 operates a contracting business that purports to install, repair, or
18 replace or subcontracts to install, repair, or replace residential
19 roofing or siding.

20 (3) "Roofing or siding salesperson" means a person who solicits,
21 negotiates, executes, or otherwise endeavors to procure a contract with
22 a homeowner to install, repair, or replace residential roofing or
23 siding on behalf of a roofing or siding contractor.

24 (4) "Residential roofing or siding" means roofing or siding
25 installation, repair or replacement for an existing single-family
26 dwelling or multiple family dwelling of four or less units, provided
27 that this does not apply to a residence under construction.

28 (5) "Person" includes an individual, corporation, company,
29 partnership, joint venture, or a business entity.

30 (6) "Siding" means material used to cover the exterior walls of a
31 residential dwelling.

32 NEW SECTION. **Sec. 3.** A roofing or siding contract shall be in
33 writing. A copy of the contract shall be given to the homeowner at the
34 time the homeowner signs the contract. The contract shall be typed or
35 printed legibly and contain the following provisions:

36 (1) An itemized list of all work to be performed;

37 (2) The grade, quality, or brand name of materials to be used;

1 (3) A statement as to whether all or part of the work is to be
2 subcontracted to another person;

3 (4) The contract shall require the homeowner to disclose whether he
4 or she intends to obtain a loan in order to pay for all or part of the
5 amount due under the contract;

6 (5) If the customer indicates that he or she intends to obtain a
7 loan to pay for a portion of the roofing or siding contract, the
8 homeowner shall have the right to rescind the contract within three
9 business days of receiving truth-in-lending disclosures or three
10 business days of receiving written notification that the loan
11 application was denied, whichever date is later; and

12 (6) The contract shall provide the following notice in ten-point
13 boldface type in capital letters:

14 "CUSTOMER'S RIGHT TO CANCEL

15 IF YOU HAVE INDICATED IN THIS CONTRACT THAT YOU INTEND TO
16 OBTAIN A LOAN TO PAY FOR ALL OR PART OF THE WORK SPECIFIED IN
17 THE CONTRACT, YOU HAVE THE RIGHT TO CHANGE YOUR MIND AND CANCEL
18 THIS CONTRACT WITHIN THREE DAYS OF THE DATE WHEN THE LENDER
19 PROVIDES YOU WITH YOUR TRUTH-IN-LENDING DISCLOSURE STATEMENT OR
20 THE DATE WHEN YOU RECEIVE WRITTEN NOTIFICATION THAT YOUR LOAN
21 WAS DENIED.

22 BE SURE THAT ALL PROMISES MADE BY YOUR CONTRACTOR ARE PUT IN
23 WRITING BEFORE YOU SIGN THIS CONTRACT."

24 NEW SECTION. **Sec. 4.** If the customer indicates that he or she
25 intends to obtain a loan to pay for all or part of the cost of the
26 roofing or siding contract, the roofing or siding contractor shall not
27 begin work until after the homeowner's rescission rights provided in
28 section 3(6) of this act have expired. If the roofing or siding
29 contractor commences work under the contract before the homeowner's
30 rescission rights have expired, the roofing or siding contractor or
31 salesperson shall be prohibited from enforcing terms of the contract,
32 including claims for labor or materials, in a court of law and shall
33 terminate any security interest or statutory lien created under the
34 transaction within twenty days of receiving written rescission of the
35 contract from the customer.

1 NEW SECTION. **Sec. 5.** A person who purchases or is otherwise
2 assigned a roofing or siding contract shall be subject to all claims
3 and defenses with respect to the contract that the homeowner could
4 assert against the siding or roofing contractor or salesperson. A
5 person who sells or otherwise assigns a roofing or siding contract
6 shall include a prominent notice of the potential liability under this
7 section.

8 NEW SECTION. **Sec. 6.** The legislature finds and declares that a
9 violation of this chapter substantially affects the public interest and
10 is an unfair and deceptive act or practice and unfair method of
11 competition in the conduct of trade or commerce as set forth under
12 chapter 19.86 RCW.

13 NEW SECTION. **Sec. 7.** A roofing or siding contractor or
14 salesperson who fails to comply with the requirements of this chapter
15 shall be liable to the homeowner for any actual damages sustained by
16 the person as a result of the failure. Nothing in this section shall
17 limit any cause of action or remedy available under section 6 of this
18 act or chapter 19.86 RCW.

19 NEW SECTION. **Sec. 8.** A mortgage broker shall not charge a fee in
20 excess of one percent of the loan amount for a consumer credit
21 transaction primarily for personal, family, or household purposes,
22 other than a residential mortgage transaction for the purchase of a
23 home or a transaction under an open-end credit plan, that is secured by
24 a homeowner's principal dwelling, where the rate of interest charged at
25 consummation of the transaction will exceed the maximum interest rate
26 specified in RCW 19.52.020(1). This subsection does not authorize
27 charging of interest rates in excess of the amount authorized by RCW
28 19.52.020(1) in transactions otherwise limited by that section.

29 NEW SECTION. **Sec. 9.** Sections 2 through 7 of this act shall
30 constitute a new chapter in Title 19 RCW.

1 NEW SECTION. **Sec. 10.** Section 8 of this act is added to chapter
2 19.146 RCW, to be codified after RCW 19.146.090 and before RCW
3 19.146.100.

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