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**A PLAIN-LANGUAGE SUMMARY OF THE PENNSYLVANIA HOME
IMPROVEMENT CONSUMER PROTECTION ACT**

On October 17, 2008, Pennsylvania's Home Improvement Consumer Protection Act became law. It is effective July 1, 2009. The following summarizes its provisions, but we urge you to contact us to discuss how to ensure you comply with the Act and avoid any inadvertent violations.

Registration

- All contractors who earn \$5,000 or more (excluding retailers with a net worth greater than \$50 million) must register with the Bureau of Consumer Protection, Office of Attorney General
 - There will be an Internet form available toward the end of March.
- Fee is \$50 every 2 years.
- Registration pre-empts local registration, except for licensing of particular trades (e.g. electricians and plumbers)
- What must be disclosed:
 - Personal details and information re business over past 10 years
 - Criminal convictions
 - Bankruptcy filings
 - Civil judgments against applicant related to home improvement transactions
 - Licenses suspended/ revoked in other jurisdictions by a court
 - Suspensions or debarments from publicly funded programs (federal, state, local, nonprofit) related to home improvement
 - Proof of liability insurance, \$50K or greater (personal and property)
 - Registrations in other states; must notify if there are any disciplinary actions
- Once registered, include registration # in all advertisements, contracts, proposals, estimates.
- Use written, legible compliant contract (see below)

Contract Requirements

- Must contain name, address and phone number of the contractor and all subcontractors known at date of contract. Addresses must be complete: not just a P.O. Box.
- Must contain the contractor's registration number.
- Must be in writing and legible.
- Must include a description of the work to be performed, the materials to be used and a set of specifications that cannot be changed without a written change order, signed by the home owner.
- Must include the total sales price due under the contract.

- Must include the toll-free number of the PA Bureau of Consumer Protection: 1-800-441-2555.
- Must include liability insurance not less than \$50,000.
- Must include the three-day right to rescind.
- Deposits of greater than 1/3 of the contract price are not allowed where the contract is in excess of \$1,000. You are allowed to require pre-payment of special order items. Here's the definition of "special order material":

"Special order material." Any material, product or equipment that is not a stock item and must be specially ordered from the factory or distributor and which is produced or processed for the contractor for a specific home improvement contract. Special order materials are not returnable by the contractor for a refund or credit and have no usefulness for other home improvement contracts because they are specially ordered for a specific home improvement contract.
- Must include approximate start and end dates.
- There are a number of specific clauses that are prohibited: please consult an attorney concerning these.

Additional Requirements

- Failure to register
- Failure to refund amounts paid within 10 days of written notice if:
 - No substantial work has been performed at time of refund request; AND
 - More than 45 days have elapsed from the date work was to start (see contract)
- Accept or use occupancy certificate or proof of completion document if performance is incomplete.
- Abandon a project without "justification," unless the owner fails to pay or otherwise violates the contract.
- Deviate from plans or specs without a written change order
 - dated and signed by all parties
 - must include price changes for each deviation.
- Participate in home improvement contract where contract states higher monetary obligation than actual price.
- Advertise or offer to perform home improvements if you don't intend to:
 - accept a written contract
 - make the improvements
 - charge for the price
- Demand payment for home improvement before a contract is signed.
- Failure to credit owner's payment.
- After contract is made, changing the name of the business, insurance information, address or other identifying information in a fraudulent or deceptive manner likely to cause confusion or misunderstanding unless you provide notice in writing 10 days afterwards.
- Any violations subject you to the Unfair Trade Practices and Consumer Protection Law

Crimes

- False and misleading statements.
- Receive advance payment and fail to perform unless excused.

- Misrepresent real name.
- Damage property with intent to perform home improvement.
- Misrepresent yourself as agent of government.
- Misrepresent an item as a special order item or the cost of a special order item.
- Altering contract, mortgage or promissory notes without owner's consent.
- False or deceptive advertisements.
- Criminalized as felony or misdemeanor depending on the amount.
- Sentence is enhanced if owner is 60 or older.
- Penalties for repeated offenses.
- Revocation or suspension of license.