

CLIENT ALERT

HOME IMPROVEMENT CONSUMER PROTECTION ACT: NEW
REQUIREMENTS FOR CONTRACTORS

MAY 2009

MacDonald Illig to host free workshop to discuss compliance with the Home Improvement Consumer Protection Act.

The Home Improvement Consumer Protection Act (“the Act”) takes effect on July 1, 2009, and imposes new duties on all residential home improvement contractors, as well as stiff penalties for non-compliance. This Client Alert outlines the major requirements of the Act and provides a series of steps that must be taken to comply with it.

As an initial matter, the Act defines a home improvement contractor very broadly, and encompasses nearly all aspects of residential home maintenance and improvement.

I. Registration

Part of the goal of the Act is to curb the impact of “fly-by-night” contractors by requiring all residential home improvement contractors to register in a statewide data base, administered by the Office of the Pennsylvania Attorney General. Upon registration, the contractor will be issued a contractor identification number. The state issued contractor registration number must be placed by the contractor on all consumer documents, including advertisements, business cards, and contracts.

As a condition for registration, the Act requires all home improvement contractors to maintain general liability insurance policies.

II. Contract Requirements and Prohibitions

Every home improvement contract must be written in plain English and encompass the entire agreement between the homeowner and contractor. Moreover, contracts are limited in the type of language that they may contain, and many consumer rights cannot be waived. One major requirement is that a consumer’s three day right of rescission must clearly be spelled out on every contract.

A contractor must include his or her registration information on every contract, as well as providing a toll-free telephone number to the Pennsylvania Attorney General for contract enforcement. Finally, a copy of the contract must be provided to the homeowner.

III. Penalties

The Act provides for criminal and civil penalties for home improvement fraud, failure to register, and non-compliant contracts. Violations of the Act can lead to various levels of civil and criminal penalties, including misdemeanors and felonies. The Attorney General and district attorneys throughout the Commonwealth of Pennsylvania will have the authority to investigate and initiate criminal proceedings for any violation of the Act. Moreover, civil penalties can include triple damages and attorney’s fees for even minor violations of the Act, such as not including certain contract provisions.

IV. More Information

For more information, please call your attorney at MacDonald Illig. MacDonald Illig has been closely monitoring the development of the Act, and advising clients on strategies to ensure compliance with the Act.

Additionally, MacDonald Illig attorney Patrick Mondt will be hosting a free workshop open to all contractors reviewing the requirements of the Act in detail. This seminar will be held at the MacDonald Illig offices on May 27, 2009, at 6:30 p.m. Refreshments will be provided. To attend, please call (814) 870-7702 to make your reservation.

For more information, please contact Patrick Mondt at pmondit@mijb.com or 814-870-7702.

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