



“RESIDENTIAL ROOFING BILL OF RIGHTS”

Colorado Senate Bill 38 (SB38), the *Consumer Protection/Residential Roofing Bill*, was signed into law on June 6, 2012. Since that time, the Colorado Roofing Association (CRA) has received numerous requests for information regarding how the new law affects contractual interactions between residential roofing contractors and property owners.

CRA developed the following factsheet to inform you on the new law, new contract provisions and the penalties and protocol for reporting violations.

CRA followed this bill from the start, worked with both legislators and attorneys as the bill moved through the legislative process and has been answering questions based on that perspective. We are not offering legal advice, but can only inform the public of what we have been told by those close to the legislation.

The CRA is dedicated to EDUCATING both our members and consumers regarding the new roofing law. **CRA is not a consumer agency nor will we “police” the new law** – *although we do ask consumers to contact us if they have a dispute with a CRA member.*

CRA’s continued commitment is to promote the ethics, education, and image of the roofing industry throughout the State of Colorado. We do not have control over what contractors do with the new law, but can only continue to educate our members to adopt ethical business practices and urge consumers to make educated decisions.

Board of Directors
Colorado Roofing Association

FACTSHEET

SB38: The Consumer Protection/Residential Roofing Bill of Rights

'Concerning measures to protect consumers who engage a roofing contractor to perform roofing services on residential property.'

This Legislation: BECAME EFFECTIVE ON WEDNESDAY JUNE 6, 2012.

Applies to residential properties for roofing work over \$1000.

Requires a written & signed contract between the property owner and the roofing contractor which must include at least the following:

- *scope of work & materials to be provided*
- *cost for same based on damages known at the time the contract is entered into*
- *approximate dates of service*
- *roofing contractor's contact information*
- *identification of contractor's surety & liability coverage insurer & their contact information*
- *contractor's policy regarding cancellation of contract & refund of any deposit including a rescission clause allowing the property owner to rescind the contract for roofing services and obtain a full refund of any deposit within 72 hours after entering the contract.*
- *a statement that if the property owner plans to pay for the roofing services through an insurance claim, the contractor cannot pay, waive or rebate the homeowner's insurance deductible in part or in whole.*
- *a statement that the contractor shall hold in trust any payment from the property owner until the contractor has delivered roofing materials to the jobsite or has performed a majority of the roofing work on the property.*
- *a statement that the property owner may rescind a contract for services, the payment for which will be made from the proceeds of a property insurance claim, within 72 hours after receiving notice from their insurer that the claim is denied in whole or in part.*

Prohibits a roofing contractor from paying, waiving or rebating an insurance deductible for a property owner. (Nor may a contractor *advertise or promise to waive, pay or rebate same.*)

Requires a contractor to return any payment or deposit made by the property owner in conjunction with the contract for roofing work within 10 days after rescission of a contract.

- A contractor may retain an amount of any payment made by the property owner to compensate for actual work performed however, as long as the work is completed in a workmanlike manner consistent with standard roofing practices.

States that if a roofing contractor promises to pay, waive or rebate a homeowner's deductible, the insurance carrier for the property owner is not obligated to consider the estimate of costs for the roofing work prepared by that contractor.

- **This does not mean that an insurer can deny a claim simply because a contractor offered to pay a deductible.** It means they do not have to consider the estimate from *that* contractor. Insurance companies have strict requirements about unreasonably delaying or denying a claim. (CRS 10-3-1115 & 10-3-1116) Enforced by the Division of Insurance, any such tactic to delay or deny, subjects the carrier to double damages and attorney's fees.

Prohibits a roofing contractor from acting as or claiming to be a public adjuster, adjusting claims for losses or damages.

- **This does not mean that a contractor is unable to discuss the scope of work with an insurer!** Specifically, "*Nothing in this subsection precludes a roofing contractor from discussing, on behalf of the property owner, the scope of repairs with a property and casualty insurer when the roofing contractor has a valid contract with the property owner of the residential property on which the roofing contractor has contracted to perform roofing work.*"
- Effective 1/1/2014, Colorado HB13-1062 further clarifies that a public adjuster '*shall not participate directly or indirectly in the reconstruction, repair, or restoration of damaged property that is the subject of a claim adjusted by the public adjuster*'. HB1062 clearly delineates that a roofing contractor who is also licensed as a public adjuster may not act as the claim adjuster and then perform the work - eliminating any conflict where there is a financial interest in the loss involved.

Information on Penalties & Protocol for reporting SB38 violations may be found here:
<https://assets.noviams.com/novi-file-uploads/cra/pdfs-and-documents/SB38-Penalties.pdf>