

## **How Does the Home Improvement Consumer Protection Act Protect Me?**

When the economy tipped into recession in 2008, the Pennsylvania General Assembly enacted the Home Improvement Consumer Protection Act (“HICPA”). The plan was to promote confidence in the economy and protect property owners from potentially dodgy contractors. As the economy recovers, more and more people are having improvements completed, and relying heavily upon their tax refunds and/or home equity to do so. A review of the Act’s key provisions could influence if, and how, an owner decides to use these important assets and the protections of the Act.

## **What kind of work is covered under the HICPA?**

The Act requires a contractor to register with the Bureau of Consumer Protection in the Office of the Pennsylvania Attorney General. This registration must occur before the contractor can describe him/herself as a contractor, subcontractor or independent contractor, and before he/she does any home improvement. The Act applies to work valued in excess of \$500.00 done on a private residence or a portion of a building used or designed as a private residence. It does not matter if the work involves repair, replacement, remodeling, demolition, removal, renovation, installation, alteration, conversion, modernization, improvement, rehabilitation or sandblasting. The work can cover interior and exterior features, but also cover driveways, swimming pools, pool houses, porches, garages, roofs, siding, insulation, solar energy systems, security systems, flooring, patios, fences, gazebos, sheds, cabanas, most landscaping, painting, doors, windows, waterproofing, and installation of central heating, air conditioning, storm windows and awnings.

## **Who is protected by the HICPA?**

The owner of a residence is protected by the Act, as well as any person “entitled to the performance of the work” which can be reasonably interpreted, in some cases, to include a tenant. A person who owns more than three residences is not covered by the Act unless he or she actually uses such portions affected by the home improvement for personal recreational purposes, or such residence is his/her primary residence.

## **What protection does HICPA provide?**

A contractor must provide his PA Bureau of Consumer Protection-provided registration number on all advertising materials, estimates, proposals, and contracts. Any contract presented to an owner must also set forth the Bureau’s toll-free number (1-888-520-6680) where anyone can learn whether such contractor is registered with the Bureau. The following information is also available on the Bureau’s website (<http://www.attorneygeneral.gov/hiccon.aspx?id=4502>): whether the contractor has (1) ever been convicted of a criminal offense relating to a home improvement transaction, fraud, theft, crime of deception or fraudulent business practices; or (2) in the past 10 years, filed for bankruptcy, or had a civil judgment relating to a home improvement transaction, entered against him or herself, or a business in which he/she had an interest; or (3) in the past 10 years, has ever been suspended or debarred from participating in any Federal, State, local, or not-for-profit program where assistance is provided for home improvements; and (4) proof of insurance against personal injury and property damage in amounts not less than \$50,000.00.

Two of the most important protections are that the owner must be given a copy of the agreement at the time it is signed and that every owner has the automatic right to rescind the contract within three (3) business days without penalty. Interestingly, the Act allows the owner to sue the contractor fairly easily, including, in some cases, the right to recover treble (i.e. triple) damages, courts costs, and attorney fees.

By contrast, however, the Act does not allow the contractor to sue the owner unless the contract contains a number of very important protections for the owners, such as the contractor registration number, the signatures of all parties, a description of the entire agreement, the date of the transaction, the name, address (not a post office address) and telephone number of the contractor, the approximate start date and completion date, 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 owner and the contractor. Also, the contract must state the total sales price due under the contract, the amount of any down payment plus any amount advanced for special order materials, the existence of insurance coverage of at least \$50,000 against personal injury and property damage, the names, addresses and telephone numbers of all subcontractors on the project known at the date of signing the contract, and the toll-free number of the Bureau of Consumer Protection, and the notice of the right of rescission, among other things. New criminal sanctions are also available under the Act.

### **Disclaimer**

This article is not intended to be an exhaustive description of the entire HICPA, but only a discussion of some of its key elements for potential business purposes. In addition, please note there are frequently exceptions and limitations which may or may not affect any specific dispute and the rights and remedies of someone under any law, including the HICPA. You are encouraged to speak to the capable members of the Steckel and Stopp law firm for insights and advice concerning your claims under the Act.

***About the author:*** Edmund J. Healy, Esquire is the senior associate attorney at Steckel and Stopp. He has been a licensed attorney in Pennsylvania since 1991 and has wide experience in the following areas of law: municipal, contract, construction, employment, ethics, litigation, labor, zoning, among other areas.