

1 Introduced by Senator Mullin

2 Referred to Committee on

3 Date:

4 Subject: Commerce and trade; consumer protection; home improvement
5 contracts

6 Statement of purpose of bill as introduced: This bill proposes to create
7 contract and notice requirements for home improvement contracts.

8 An act relating to home improvement contracts

9 It is hereby enacted by the General Assembly of the State of Vermont:

10 Sec. 1. 9 V.S.A. chapter 102 is amended to read:

11 CHAPTER 102. CONSTRUCTION CONTRACTS

12 § 4001. DEFINITIONS

13 As used in this chapter:

14 (1) “Contractor” means a person or entity which contracts with an owner
15 to perform work, or provide materials or machinery necessary to perform work
16 on real property.

17 (2) “Work” means:

18 (A) to build, alter, repair, or demolish any improvement on,
19 connected with, or on or beneath the surface of any real property, or to
20 excavate, clear, grade, fill, or landscape any real property or to construct

1 driveways, private roadways, highways and bridges, drilled wells, septic,
2 sewage systems, utilities, including trees and shrubbery, or to furnish
3 materials, for any of such purposes, or to perform any labor upon real property;
4 and ~~“Work” also includes~~

5 (B) to provide any design or other professional or skilled services
6 rendered by architects, engineers, land surveyors, landscape architects, and
7 construction managers.

8 (3) “Owner” means a person or entity having an interest in real property
9 on which work is performed, if the person or entity has agreed to or requested
10 such work. “Owner” includes successors in interest of the owner and agents of
11 the owner acting within their authority. “Owner” shall also include the State of
12 Vermont and instrumentalities and subdivisions of the State of Vermont
13 including municipalities and school districts having an interest in such real
14 property.

15 (4) “Real property” means real estate, including lands, leaseholds,
16 tenements and hereditaments, and improvements placed thereon.

17 (5) “Construction contract” means any agreement, whether written or
18 oral, to perform work on any real property located within the State of Vermont.

19 (6) “Subcontractor” means any person or entity which has contracted to
20 perform work, or provide materials or machinery necessary to perform work

1 for a contractor or another subcontractor in connection with a construction
2 contract.

3 (7) “Delivery” means receipt by addressee, including first class,
4 registered, or certified mail, hand delivered or transmitted by facsimile
5 machine. Mail, properly addressed, shall be deemed delivered three days from
6 the day it was sent.

7 (8) “Billing period” means the period agreed to by the parties or, in the
8 absence of an agreement, the calendar month within which work is performed.

9 (9) “Residential home improvement contract” means a contract between
10 a contractor and an owner for work on residential real estate where the
11 estimated value of the work and materials exceeds \$5,000.00.

12 (10) “Residential real estate” means a residential structure with one to
13 four dwelling units and the real property on which it is constructed.

14 * * *

15 § 4010. RESIDENTIAL HOME IMPROVEMENT CONTRACTS

16 (a) Writing required. A residential home improvement contract shall be
17 in writing.

18 (b) Required provisions. A residential home improvement contract shall
19 include the following:

20 (1) Contract price. One of the following provisions for the price of
21 the contract:

1 (A) a maximum price for all work and materials;

2 (B) a statement that billing and payment will be made on a time and
3 materials basis, not to exceed a maximum price; or

4 (C) a statement that billing and payment will be made on a time and
5 materials basis and that there is no maximum price.

6 (2) Work dates. A start date and a completion date for work.

7 (3) Scope of work. A description of the work to be performed and a
8 description of the materials to be used.

9 (4) Warranty. A provision that reads: “In addition to any additional
10 warranties agreed to by the parties, the contractor warrants that his or her work
11 is free from faulty materials, is performed in a skillful manner according to the
12 standards of the building code applicable for this location, and that upon
13 completion of work the residence is fit for habitation.”

14 (5) Change order.

15 (A) Unless a residential home improvement contract specifies that
16 billing and payment will be made on a time and materials basis and that there
17 is no maximum price, a provision that the contractor shall not perform any
18 work or procure materials in excess of the maximum price of the contract
19 without prior approval of the owner.

20 (B) The contract may provide that an owner can approve a change
21 order verbally or by electronic communication, provided that the owner and

1 contractor shall memorialize the approval in a signed writing within three days
2 of the approval.

3 (c) Down payment. Unless a residential home improvement contract
4 specifies that billing and payment will be made on a time and materials basis
5 and that there is no maximum price, the contract may require a down payment
6 of up to one-third of the maximum price of the contract, or the price of
7 materials, whichever is greater.

8 (d) Enforcement and remedies. A contract that does not comply with the
9 provisions of this section shall be unenforceable against an owner.

10 Sec. 2. EFFECTIVE DATE

11 This act shall take effect on July 1, 2015.