

FINAL BILL REPORT

ESSB 6124

C 285 L 94

SYNOPSIS AS ENACTED

Brief Description: Protecting homeowners' equity.

SPONSORS: Senate Committee on Labor & Commerce (originally sponsored by Senators Prentice, Newhouse, Fraser, Haugen, Winsley, Franklin and Oke)

SENATE COMMITTEE ON LABOR & COMMERCE

HOUSE COMMITTEE ON COMMERCE & LABOR

BACKGROUND:

Some roofing and siding contractors solicit business door-to-door among elderly and low-income homeowners. In addition to their repair and remodel service, they often assure homeowners that they can arrange financing. At the request of the contractor, work is sometimes begun before the financing is arranged and truth-in-lending disclosures are made. Arrangements for financing are then made with very high interest rate lenders, which makes the contract unaffordable, and leads to foreclosure.

If work has commenced before the homeowner realizes the full cost, the contractor may already have lien rights for the work which forces the homeowner to go ahead with the contract and high interest rate loan regardless of the cost.

SUMMARY:

Roofing and siding contracts must be in legible written form and a copy provided to the homeowner at the time of signing. Work must be itemized and grade or quality of materials designated. Subcontracting arrangements must be disclosed.

New construction, emergency repairs, contracts in which the homeowner was not directly solicited by the contractor, and contracts involving only incidental roofing and siding are excluded from coverage of the act.

Roofing and siding contracts must require the homeowner to disclose whether he or she intends to obtain a loan for part or all of the payment due under the contract. If the customer indicates an intent to obtain a loan, the customer has a right to rescind the contract within three business days of receiving truth-in-lending disclosures, or three days of receiving notification that the loan application was denied, whichever is later.

If a roofing or siding contractor or salesperson generally does business by soliciting, it is presumed that any contract entered into with a homeowner results from solicitation. "Solicit" means contact with the homeowner initiated by the contractor or salesperson for the purpose of selling roofing or siding by phone, door-to-door or flyers left at the residence.

If a customer indicates an intent to obtain a loan to pay for the work, the roofing or siding contractor shall not begin work until after the homeowner's rescission rights have expired. If work is commenced prior to this time, the contractor is prohibited from enforcing the terms of the contract under any security interest or statutory lien created by the transaction. The same provisions apply to assignees of any roofing or siding contract.

Violations are made a violation of the Consumer Protection Act. Violators are liable to the homeowner for actual damages. Roofing and siding contracts, contractors, and roofing or siding salespersons are defined.

VOTES ON FINAL PASSAGE:

Senate	39	5	
House	98	0	(House amended)
Senate			(Senate refused to concur)
House			(House refused to recede)

Conference Committee

House	95	0
Senate	44	2

EFFECTIVE: June 9, 1994