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Practice Area: Construction Law and Litigation

On July 5, 2013, Governor Walker signed Wisconsin Act 24, popularly known as the Stormchaser's bill, which further regulates contracts entered into by residential contractors. The new law found at Section 100.65 of the Wisconsin Statutes creates significant new trade practice requirements for contractors who enter into contracts for certain roof and exterior work on single-family or two-unit residential properties after the law's effective date of January 1, 2014.

While the law has been coined the Stormchaser's bill, it has much more wide ranging effects on Wisconsin contractors. The new law contains numerous requirements that must be complied with by contractors that perform any exterior repair, replacement, construction, or reconstruction of residential real estate. The requirements are new and will require all contractors performing exterior work to update their contracts. Here is a summary of the core elements of the new law:

Payment of Deductible Prohibited

Contractors are prohibited from promising to pay all or some of a property insurance deductible as a method of enticing an owner to enter into an agreement for exterior repairs.

Negotiation of Insurance Recovery Forbidden

Contractors are forbidden from representing or negotiating with their customer's homeowner's insurer on behalf of the customer. However, the contractor can, with the express consent of the customer, discuss damages, repairs, and costs associated with the work with the insurer. It is recommended that the express consent be documented in writing.

Questionnaire Required Regarding Insurance

Before entering into a contract with a customer, the contractor must give the customer a questionnaire to determine whether the work requested is related to an insurance claim. There is specific language and formatting which must be included in the insurance questionnaire.

Notice of Right to Cancel Required

The contractor is required to give the customer written notice of the customer's right to cancel within three business days of being notified that their insurer has denied all or any part of the claim for work. There are also specific formatting requirements that contractors must use for this language. This notice is different than the three day right of rescission currently required in most situations.

Reasonable Pay for Emergency Services

If the contractor is notified of the cancellation, the law requires that the contractor return all payments made by the customer. However, the contractor is entitled to the reasonable value of any work it performed for emergency services done with the customer's consent to prevent further damage to the home.

Penalties \$500-\$1,000 per Violation

Violations subject the contractor to penalties between \$500 and \$1,000 per violation.

In summary, the law elevates contractor requirements in dealing with homeowners, especially with respect to insurance. The mandates of the new law result in the need for every contractor who performs exterior work on one or two unit residential properties to update their contracts or risk being subject to penalties up to \$1,000 per violation. Trade practices will also need to be adjusted in many situations.

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