

## Why Every Home Contractor Should Fear The Illinois Home Repair & Remodeling Act



**PRESENTED BY**  
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Illinois Leading Lawyer 2006

**Online Seminar**  
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Shaheen, Novoselsky, Staat,  
Filipowski & Eccleston, P.C.  
Chicago, IL

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## Welcome

### The Firm

- Established in 1960
- Full service business law firm
- Representing closely-held businesses, entrepreneurs and individuals
- From start-up to succession planning
- “AV” Peer Review Rated

### The Speaker

- SNSFE partner & head of commercial litigation group
- Construction disputes, breach of contract, fraud, breach of fiduciary duty, injunctive relief, collections
- Securities & fiduciary litigation
- Illinois Leading Lawyer

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## Introduction

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*Introduction*

**Why Every Home Contractor Should Fear  
The Illinois Home Repair & Remodeling Act**

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**Scope of Act**

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*Scope of Act – Home Residences*

**The Act applies to home residences,  
but not commercial properties.**

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Scope of Act – Home Residences

**For remodeling services, repairs or maintenance totaling over \$500**

- Within the home residence
- Upon the land adjacent to the residence

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Scope of Act – Contractors

**The Act applies broadly to many types of contractors:**

- **Home remodelers**
  - New bathroom
  - Kitchen remodeling
- **Heating & air conditioning**
  - Furnaces & central air conditioning
  - Replacement systems, emergency repairs in winter or summer

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Scope of Act – Contractors

- **Windows repairers and installers**
  - Installation of new windows
  - Repair of window frames
- **Plumbers**
  - Sump pump, pipe replacement
- **Carpenters**
  - Decks or porches
  - Wood trim

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**Scope of Act - Contractors**

- **Concrete contractors**
  - Driveways, patios, sidewalks, concrete pads
  
- **Bricklayers**
  - Chimneys, tuckpointing, brick mailbox
  
- **Fence contractors**

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**Scope of Act - Exclusions**

**The Act specifically excludes:**

- **Landscapers**
  
- **Merchants who install or repair the appliances they sold**
  
- **Carpet sales, repairs, or cleaning**

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**Requirements of the  
Home Repair & Remodeling Act**

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*Requirements of Act - Contract*

**1) Written contract required between contractor and homeowner for any work over \$1,000.**

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*Requirements of Act - Contract*

**2) Contract must disclose:**

- Total cost of the work
- Parts and materials particularly listed
- Any charge to the homeowner for an estimate
- Name & address of business AND individual doing the home repair work
  - No P.O. boxes – so customers & lawyers can find the person!

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*Requirements of Act - Brochure*

**3) “Consumer Rights Brochure”**

- For work over \$1,000
- Mandatory to give homeowner a written brochure: “Home Repair: Know Your Consumer Rights”
  - Must be given PRIOR to execution of written contract by homeowner

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*Requirements of Act – Brochure*

- **Lengthy disclosures to safeguard the homeowners against:**
  - Oral estimates
  - Door-to-door salespersons
  - High-pressure sales tactics
  - Contractors who work for cash
  - Not knowing the local municipality's requirements for the work

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*Requirements of Act – Brochure*

- **Contract terms to be included:**
  - a) Contractor's full name, address & telephone number
  - b) Description of work to be performed
  - c) Estimated starting and completion dates
  - d) Total cost of work
  - e) Schedule and method of payment
  - f) Grounds for termination of the contract

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*Requirements of Act – Brochure*

- **Signed acknowledgement form:**
  - Customer must sign and date an acknowledgement form
  - The Act specifies what must be in the form
- **Acknowledgement form:**
  - Contractor sign and date it also
  - Customer gets copy of signed form

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**Contract & acknowledgement form can be used to establish trust with the customer and show the contractor's familiarity with the applicable laws of Illinois for home contractors.**

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**Requirements of Act - Violations**

**Explicitly against the law:**

- **To make repairs or charge for work before obtaining a signed contract;**
- **Any violation of the Act constitutes a violation of the Consumer Fraud & Deceptive Business Practices Act.**

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**Requirements of Act - Remedies**

**Remedies under the Consumer Fraud & Deceptive Business Practices Act:**

- 1) **Action for actual damages as a result of a violation of the Act;**
- 2) **Reasonable attorney's fees and costs to the prevailing party;**
- 3) **Punitive damages ("any other relief which the court deems proper").**

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Requirements of Act - Remedies

**The State's Attorney's response to home contractors' unlawful activities:**

- Filing & prosecuting suits to shut down the business (injunction);
- Assessing civil penalties of up to \$50,000;
- Seeking restitution for wronged homeowners.

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Requirements of Act - Example of Case Law

**Central Illinois Elec. Services, L.L.C. v. Slepian,  
358 Ill.App.3d 545, 831 N.E.2d 1169 (3rd Dist. 2005)**

- Only case to date decided by an Illinois court on the Home Repair & Remodeling Act
- This case lends support to the argument that a mechanic's lien is invalid if no enforceable contract exists.
- Court of Appeals accepted the argument that the contractor's failure to provide an estimate of the work is a violation of the Act.

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Requirements of Act - Example of Case Law

**Central Illinois Elec. Services, L.L.C. v. Slepian,  
358 Ill.App.3d 545, 831 N.E.2d 1169 (3rd Dist. 2005)**

***"There is no exception under the Act for projects billed on a time and material basis, or projects that become unpredictable in scope and nature. Nothing in the Act precludes a contractor from providing an updated estimate or work order as the circumstances may warrant."***

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**Conclusion**

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*Conclusion*

**As a home contractor, what should you do?**

- Provide a written estimate
- Provide a written contract
- Be properly insured
- Be properly licensed with the local municipality
- Provide the "Consumer Rights Brochure"
- Create forms for your business to meet each of the Home Repair & Remodeling Act's requirements

\* The Illinois Consumer Fraud Act requires a written "Notice of Cancellation" and oral notice of right to cancel contract within 3 days of execution.

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**QUESTIONS?**

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- It will be available for replay from our website at [www.SNSFE-law.com](http://www.SNSFE-law.com) along with a PDF of the PowerPoint slides within 48 hours.
- A 5-question participant evaluation will be emailed to you.

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