



## Home Improvement Consumer Protection Act (HICPA) Information Sheet

1. Anyone who owns or operates a home improvement business or who offers, performs, or agrees to perform home improvements in Pennsylvania must register with the Office of Attorney General. Home improvement businesses' subcontractors or independent contractors must register. Also, if an employee does home improvement work on the side, outside the scope of their employment with a registered contractor, and that works totals \$5,000 or more in a calendar year, then the employee must register as a contractor.
2. Registration numbers must be included in all contracts, estimates, proposals and advertisements. Home improvement contractor registrations are valid for two years. The registration number must include the abbreviation "PA" and the number assigned (example: PA372 or PA000372). Registration number needs to be in a spot where consumers will be able to see it and read it clearly.
3. Contracts must state the names, addresses and telephone numbers of all contractors and subcontractors known at the date of signing. A post office box number alone shall not be considered an address.
4. All contracts must contain the date of the transaction.
5. The contract must contain the entire agreement between the owner and the contractor, including all attached copies of required notices. A copy must be provided to the owner without charge.
6. All contracts must state the **Bureau of Consumer Protection telephone number, 1-888-520-6680.**
7. Under the Home Improvement Consumer Protection Act, every contract of more than \$500 for home improvements needs to be written, legible and signed by the consumer and the contractor (or their representatives).
8. The contract includes an itemized 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.
  - a. A total price and a statement guaranteeing that the price is firm. Contractors may include a "not to exceed" contingency (not to exceed the approved loan/grant amount). The contractor can earn this additional payment(s) by demonstrating with invoices and/or receipts that the construction has exceeded the scope of work in the initial bid and become work covered by the contingency funding. Receipts/invoices must be signed by the homeowner
9. Contracts must indicate if a permit is required and who is responsible for obtaining the permit and any necessary inspections.
10. The final payment should not be made to the contractor until all necessary inspections by municipalities/code inspectors/utility companies are completed and PHFA/LPA is provided with documentation indicating a successful ("passed") inspection.
11. Include an approximate start date and completion date
12. Include the total sales price due under the contract.

13. All contracts must state that the consumer shall be permitted to rescind the contract without penalty regardless of where the contract was signed, within three business days of the date of signing.

14. For a home improvement contract in which the total price is more than \$1,000, the contractor may NOT receive a deposit in excess of one-third of the home improvement contract price; or one-third of the home improvement contract price plus the cost of special order materials. A special order would be any material, product or equipment that is not a stock item and must be specially ordered from the factory or distributor and which is produced or processed for the contractor for a specific home improvement contract. The amount of the down payment and the cost of the special order materials must be listed separately.

15. The contractor must provide proof of liability insurance covering personal injury in an amount not less than \$50,000 and insurance covering property damage caused by the work of a home improvement contractor in an amount not less than \$50,000. Contractors must provide certificates of general liability insurance, and, if applicable, Amish Aid (AA) (which is in lieu of general liability insurance; and is accepted by the AG's office after the contractor has provided significant information about the AA coverage, thus allowing Amish contractors to be registered in PA.

Self-insured contractors must include a statement in every home improvement contract that they are self-insured, and provide the name, address, and telephone number of the organization providing the self-insurance.

There are specifications regarding statements that can and cannot be enforced by home improvement contracts and penalties.

16. If the contract contains an arbitration clause, it shall meet the following requirements or be deemed void by the court upon motion of either party, filed prior to the commencement of arbitration: (1) the text of the clause must be in capital letters (2) the text shall be printed in 12-point boldface type and the arbitration clause must appear on a separate page from the rest of the contract.

17. HICPA prohibits contractor demand or receipt of any payment for a home improvement before the home improvement contract is signed. It also prohibits changing the name of the contractor's business, liability insurance information, the contractor's business address or any other identifying information in a fraudulent or deceptive manner without advising the owner in writing within ten days following any such change.

18. HICPA Prohibits activities by contractors and their representatives and evokes penalties. Misrepresenting an item as a special order material or misrepresenting the cost of the special order material is a prohibited act. Directly or indirectly publishing a false or deceptive advertisement is a violation of State law governing advertising about home improvements. A violation will result in either a felony of the third degree if the amount involved exceeds \$2,000; or a misdemeanor of the first degree if the amount involved is \$2,000 or less or if the amount involved cannot be satisfactorily ascertained.

**It is not the responsibility of PHFA or its Local Program Administrators (LPAs) to ensure HICPA compliance.**