

# SENATE BILL No. 1273

May 17, 2006, Introduced by Senator SANBORN and referred to the Committee on Economic Development, Small Business and Regulatory Reform.

A bill to amend 1980 PA 299, entitled  
"Occupational code,"  
(MCL 339.101 to 339.2721) by adding section 2408.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1        SEC. 2408. (1) A RESIDENTIAL BUILDER AND A RESIDENTIAL  
2        MAINTENANCE AND ALTERATION CONTRACTOR PERFORMING SERVICES WITHIN  
3        THE SCOPE OF THEIR LICENSE INVOLVING ALTERATION, REPAIR, OR  
4        REMODELING OF A RESIDENTIAL STRUCTURE, THE VALUE OF WHICH IS MORE  
5        THAN \$600.00, INCLUDING MATERIALS AND LABOR, SHALL FURNISH THE  
6        OWNER OR HIS OR HER AGENT WITH A WRITTEN CONTRACT OR WRITTEN WORK  
7        ORDER. THE WRITTEN CONTRACT OR WORK ORDER SHALL, AT A MINIMUM,  
8        CONTAIN THE TOTAL COST INCLUDING MATERIALS AND LABOR, ANY CHARGE  
9        FOR A WRITTEN ESTIMATE, AND THE BUSINESS NAME AND STREET ADDRESS OF  
10       THE LICENSEE. IF THE LICENSEE DOES NOT HAVE A BUSINESS ADDRESS, THE

LICENSEE SHALL SUPPLY HIS OR HER RESIDENTIAL ADDRESS.

(2) THE DEPARTMENT SHALL PROVIDE, OR MAKE AVAILABLE ON ITS WEBSITE IN A PRINTABLE FORM, A PAMPHLET CONTAINING SUBSTANTIALLY THE FOLLOWING IN AT LEAST 12-POINT TYPE OR FONT:

"HOW TO FIND REPUTABLE BUILDERS OR REMODELERS  
GET THE NAMES OF BUILDERS OR REMODELERS FROM:

FRIENDS OR NEIGHBORS WHO HAVE HAD SATISFACTORY WORK DONE.

YOUR LOCAL HOMEBUILDERS ASSOCIATION.

PEOPLE AT LOCAL HOME IMPROVEMENT CENTERS, BUILDER SHOWS, OR  
OPEN HOUSES.

LOCAL YELLOW PAGES LIST LICENSED BUILDERS WHO DO BUSINESS IN  
YOUR COMMUNITY.

IF YOUR LOCAL ASSOCIATION IS AFFILIATED WITH THE MICHIGAN  
ASSOCIATION OF HOME BUILDERS, ALL MEMBERS SHOULD BE LICENSED BY THE  
STATE IN ORDER TO BE INCLUDED ON THEIR ROSTER.

MAKE SURE THEY ARE LICENSED

YOU SHOULD BE AWARE THAT ALL CONTRACTORS OFFERING TO DO WORK WHICH  
TOTALS \$600 OR MORE IN LABOR AND MATERIALS MUST BE LICENSED BY THE  
STATE.

A RESIDENTIAL BUILDERS LICENSE ALLOWS A CONTRACTOR TO BUILD A  
COMPLETE RESIDENTIAL STRUCTURE AND TO DO MAINTENANCE & ALTERATION  
(REMODELING) WORK ON A RESIDENTIAL STRUCTURE. A MAINTENANCE &  
ALTERATION LICENSE INDICATES THAT THE HOLDER HAS MET REQUIREMENTS  
FOR ONE OR MORE OF THE FOLLOWING TRADES:

BASEMENT WATERPROOFING

CARPENTRY

CONCRETE

1 EXCAVATION  
2 HOUSE WRECKING  
3 INSULATION  
4 MASONRY  
5 PAINTING AND DECORATING  
6 ROOFING  
7 SCREEN AND STORM SASH  
8 GUTTERS  
9 SIDING  
10 SWIMMING POOLS  
11 TILE AND MARBLE

12 THE TRADES FOR WHICH A MAINTENANCE & ALTERATION CONTRACTOR IS  
13 QUALIFIED TO PRACTICE ARE LISTED ON THE LICENSE.

14 THE HOLDER'S STATE LICENSE MUST BE DISPLAYED IN THE PLACE OF  
15 BUSINESS AND ALL CONTRACTORS AND THEIR SALESPERSONS MUST CARRY A  
16 POCKET CARD THAT YOU SHOULD ASK TO SEE. IF THEY CANNOT SHOW YOU A  
17 LICENSE, CHECK THE DEPARTMENT'S LICENSE INFORMATION DATABASE  
18 [HTTP://WWW.DLEG.STATE.MI.US/BCS FREE/DEFAULT.ASP](http://www.dleg.state.mi.us/bcs-free/default.asp) OR CALL THE  
19 VERIFICATION UNIT AT (517) 241-9288.

20 GET REFERENCES FROM THE CONTRACTORS YOU ARE CONSIDERING.

21 ASK FOR THE NAME AND ADDRESS OF PREVIOUS CUSTOMERS.

22 CHECK WITH THOSE PEOPLE WHO HAVE HAD WORK DONE AND ASK IF IT WAS  
23 SATISFACTORY.

24 BE SURE THE CONTRACTOR HAS A PERMANENT BUSINESS LOCATION AND  
25 TELEPHONE NUMBER.

26 CHECK THE CONTRACTOR'S CREDIT REPUTATION WITH LOCAL BANKS OR  
27 SUPPLIERS.

1 GET ESTIMATES  
2 GET ESTIMATES FROM DIFFERENT CONTRACTORS TO COMPARE PRICES.  
3 REMEMBER THE COST OF MATERIALS AND QUALITY OF MATERIALS WILL AFFECT  
4 THE BID. A LOW BID BASED ON INFERIOR MATERIALS MAY NOT BE A  
5 BARGAIN, SO CONSIDER MORE THAN THE PRICE ALONE.  
6 BE SURE THE ESTIMATE SPECIFIES THE TOTAL PRICE, THE TERMS OF  
7 PAYMENT, THE KIND OF MATERIALS TO BE USED, AND THE ESTIMATED TIME  
8 IT WILL TAKE TO COMPLETE THE JOB.  
9 BE WARY OF SPECIAL PRICES BECAUSE OF LEFTOVER MATERIALS, OTHER JOBS  
10 IN THE NEIGHBORHOOD, OR DISCOUNTS IF YOU AGREE TO GET OTHER  
11 CUSTOMERS. THEY ARE OFTEN GIMMICKS USED TO GET YOU TO BUY.  
12 GET A WRITTEN AGREEMENT AND CHANGE ORDERS  
13 STATE LAW REQUIRES A WRITTEN, SIGNED AGREEMENT BETWEEN  
14 BUILDERS/REMODELERS AND CUSTOMERS AND REQUIRES YOU TO GET A COPY.  
15 SOME OF THE ITEMS THAT SHOULD BE COVERED BY THE AGREEMENT ARE:  
16 THE COMPANY NAME, ADDRESS, PHONE NUMBER.  
17 THE FULL NAME AND LICENSE NUMBER OF THE BUILDER/CONTRACTOR AND/OR  
18 THE SALESPERSON.  
19 DETAILED JOB SPECIFICATIONS WHICH INCLUDE A DESCRIPTION (BRAND  
20 NAMES, COLORS, GRADES, STYLES, AND MODEL NUMBERS) OF MATERIALS.  
21 A LIST OF ALL COSTS SPELLED OUT CLEARLY.  
22 ANY STANDARDS THAT WILL BE USED TO DETERMINE WORKMANSHIP.  
23 WHETHER OR NOT AN ALTERNATIVE DISPUTE RESOLUTION MECHANISM WILL BE  
24 AVAILABLE.  
25 ANY PLANS OR DRAWINGS THAT ARE REQUIRED.  
26 START AND COMPLETION DATES. THESE ARE ESTIMATES AND SHOULD ALLOW  
27 FOR ANY REASONABLE DELAYS BUT SHOULD INCLUDE A CLAUSE ALLOWING YOU

1 TO WITHHOLD PAYMENT IF WORK SLOWS DOWN FOR NO APPARENT REASON.  
2 A STATEMENT THAT ALL REQUIRED BUILDING PERMITS AND VARIANCES WILL  
3 BE OBTAINED BY THE CONTRACTOR BEFORE WORK IS BEGUN. THE BUILDING  
4 PERMIT IS FOR YOUR PROTECTION. DISREPUTABLE AND UNLICENSED  
5 CONTRACTORS WILL OFTEN TELL/ASK YOU TO APPLY FOR THE PERMIT.  
6 NEVER APPLY FOR A BUILDING PERMIT IN YOUR NAME. DOING SO WILL MAKE  
7 YOU RESPONSIBLE FOR ANY PROBLEMS WITH THE PROJECT AND COULD ALSO  
8 MAKE YOU LEGALLY LIABLE FOR ANY INJURIES THAT HAPPEN TO WORKERS.  
9 A STATEMENT THE CONTRACTOR CARRIES LIABILITY INSURANCE AND HAS  
10 WORKERS COMPENSATION COVERAGE, IN CASE OF ACCIDENTS ON THE JOB.  
11 A STATEMENT OF ANY WARRANTY ON THE WORK. BE SURE IT TELLS IF LABOR  
12 AND MATERIALS ARE GUARANTEED, AND FOR HOW LONG.  
13 A STATEMENT THAT CLEANUP WILL BE DONE BY THE CONTRACTOR SHOULD BE  
14 ALLOWED.  
15 A PROVISION FOR CREDITS IF THERE ARE LARGE AMOUNTS OF MATERIALS  
16 LEFT OVER. ON THE OTHER HAND, YOU SHOULD BE PREPARED TO PAY FOR  
17 EXTRA MATERIALS IF THE PROJECT TAKES MORE THAN ANTICIPATED. YOUR  
18 BUILDER SHOULD PROVIDE YOU WITH A DESCRIPTION OF THESE EXTRA COSTS  
19 IN WRITING SO THAT THERE ARE NO SURPRISES ON YOUR FINAL BILL.  
20 THE TERMS OF PAYMENT SHOULD BE CLEARLY STATED IN THE AGREEMENT.  
21 A RIGHT TO CANCEL CLAUSE. IF YOU ARE SOLICITED AND HAVE SIGNED THE  
22 CONTRACT IN YOUR HOME, YOU HAVE THREE DAYS TO CANCEL THE CONTRACT  
23 IF YOU CHANGE YOUR MIND. YOU MUST SEND THE CONTRACTOR A REGISTERED  
24 LETTER STATING YOU WISH TO CANCEL.  
25 IF EVERYTHING IN THE AGREEMENT IS SATISFACTORY, BOTH THE CONTRACTOR  
26 AND THE HOMEOWNER MUST SIGN AND DATE THE CONTRACT. ANY CHANGES TO  
27 THE PROJECT SHOULD ALSO BE IN WRITING (CHANGE ORDERS) AND BE DATED

1 AND INITIALED BY BOTH PARTIES.  
2 PAYING THE CONTRACTOR  
3 NEVER PAY FOR THE ENTIRE JOB IN ADVANCE.  
4 MAKE A DEPOSIT WHEN WORK BEGINS TO COVER MATERIALS AND STARTUP  
5 COSTS. PAY BY CHECK TO THE COMPANY NAME AND ALWAYS GET A RECEIPT.  
6 MAKE SCHEDULED PAYMENTS AS WORK PROGRESSES. REFER TO THE  
7 CONSTRUCTION LIEN RECOVERY FUND'S WEB PAGE  
8 [HTTP://WWW.MICHIGAN.GOV/CIS](http://www.michigan.gov/cis) OR CALL (517) 241-9241  
9 FOR MORE INFORMATION.  
10 RESOLVING PROBLEMS  
11 YOUR LOCAL INSPECTORS ARE RESPONSIBLE TO MAKE SURE YOUR FINISHED  
12 JOB MEETS ALL CODES AND SAFETY STANDARDS.  
13 IF YOU HAVE PROBLEMS, YOU SHOULD FIRST TRY TO RESOLVE THEM DIRECTLY  
14 WITH THE CONTRACTOR BEFORE MAKING THE FINAL PAYMENT.  
15 YOU MUST NOTIFY THE CONTRACTOR OF THE PROBLEM IN WRITING AND GIVE  
16 THEM A REASONABLE OPPORTUNITY TO DO ANY NEEDED REPAIRS OR  
17 CORRECTIONS.  
18 YOU MAY CONTACT THE LOCAL BUILDING INSPECTOR FOR ASSISTANCE IN  
19 RESOLVING WORKMANSHIP AND CODE VIOLATIONS. IF THE SIGNED AGREEMENT  
20 CONTAINS WORKMANSHIP STANDARDS, THESE WILL BE USED IN RESOLVING THE  
21 COMPLAINT.  
22 IF THE AGREEMENT CONTAINS AN ALTERNATIVE DISPUTE RESOLUTION  
23 MECHANISM, IT MUST BE USED BEFORE THE STATE CAN CONSIDER A  
24 COMPLAINT.  
25 SMALL CLAIMS COURT IS ANOTHER ALTERNATIVE IF THE DISPUTE INVOLVES A  
26 SUM WITHIN THEIR JURISDICTION.  
27 IF YOUR EFFORTS TO RESOLVE THE MATTER FAIL, OR IF YOU FEEL YOU HAVE

1 BEEN THE VICTIM OF FRAUD OR DECEIT, YOU SHOULD CONTACT THE  
2 COMMERCIAL ENFORCEMENT DIVISION AT (517) 241-9254  
3 TO FILE A COMPLAINT. YOUR LOCAL BUILDING DEPARTMENT CAN ALSO HELP  
4 WITH THIS FILING."

5 (3) A LICENSEE PERFORMING ALTERATION, REPAIR, OR REMODELING OF  
6 A RESIDENTIAL STRUCTURE SHALL DO THE FOLLOWING:

7 (A) IF THE ALTERATION, REPAIR, OR REMODELING IS OF A VALUE OF  
8 \$600.00 OR MORE, THE LICENSEE SHALL PROVIDE A COPY OF THE PAMPHLET  
9 DESCRIBED IN SUBSECTION (2) PRIOR TO THE EXECUTION OF ANY CONTRACT.  
10 THE OWNER SHALL SIGN AND DATE AN ACKNOWLEDGEMENT FORM AS FURTHER  
11 DESCRIBED IN SUBSECTION (4).

12 (B) IF THE ALTERATION, REPAIR, OR REMODELING IS OF A VALUE OF  
13 LESS THAN \$600.00, THE LICENSEE SHALL PROVIDE TO THE OWNER A COPY  
14 OF THE PAMPHLET DESCRIBED IN SUBSECTION (2) AND IS NOT REQUIRED TO  
15 PROVIDE AN ACKNOWLEDGMENT FORM.

16 (4) THE ACKNOWLEDGMENT FORM DESCRIBED IN SUBSECTION (3) (A)  
17 SHALL SUBSTANTIALLY STATE THE FOLLOWING: "I, THE HOMEOWNER, HAVE  
18 RECEIVED FROM THE CONTRACTOR A COPY OF THE "HOW TO FIND REPUTABLE  
19 BUILDERS AND REMODELERS"." THE LICENSEE OR HIS OR HER AGENT SHALL  
20 ALSO SIGN AND DATE THE ACKNOWLEDGMENT FORM, WHICH SHALL INCLUDE THE  
21 NAME AND ADDRESS OF THE LICENSEE. THE ACKNOWLEDGMENT FORM SHALL BE  
22 IN DUPLICATE AND INCORPORATED INTO THE PAMPHLET. THE ORIGINAL  
23 ACKNOWLEDGMENT FORM SHALL BE RETAINED BY THE LICENSEE AND THE  
24 DUPLICATE COPY SHALL BE RETAINED WITHIN THE PAMPHLET BY THE OWNER.

25 (5) THE FAILURE OF A LICENSEE TO COMPLY WITH THE REQUIREMENTS  
26 OF THIS SECTION REGARDING SUPPLYING AN OWNER WITH A CONTRACT OR  
27 WORK ORDER AND PROVIDING A PAMPHLET AND, AS APPLICABLE, A SIGNED

1   ACKNOWLEDGEMENT IS CONSIDERED A VIOLATION OF THIS ARTICLE  
2   PUNISHABLE ONLY BY A CIVIL FINE OF NOT MORE THAN \$100.00. THE  
3   PENALTIES OF SECTION 602 DO NOT APPLY TO A VIOLATION OF THIS  
4   SECTION.