

GREEN SHEET REDIGEST

HB 703

2022 Regular Session

Gregory Miller

CONTRACTS: Provides relative to repair contracts following a natural disaster

DIGEST

Proposed law provides that any provision, clause, covenant, or agreement contained in, collateral to, or affecting a disaster repair contract following a natural disaster which purports to require any proceeding involving a dispute over repairs to be brought in a venue other than the parish provided in proposed law is contrary to the public policy of this state and is null, void, and unenforceable.

Proposed law provides that the owner of residential property who enters into a disaster repair contract may cancel the contract or subcontract within 10 days of entering into the contract or subcontract.

Proposed law further provides that if a homeowner elects to cancel a contract or subcontract, he may do so by hand-delivering notice thereof to the contractor or by mailing notice by U.S. mail to the contractor at his last known address, or to his agent for service of process.

Proposed law provides that cancellation made pursuant to proposed law shall be without penalty and all payments made by the homeowner before cancellation shall be refunded promptly. Further provides that the contractor shall be entitled to payment for the cost of work performed and materials ordered or delivered prior to cancellation, along with reasonable overhead.

Proposed law shall not apply to material suppliers or materialmen for sales to the owner of the affected residential property or deliveries to the affected residential property of materials ordered by a contractor or subcontractor even if the repair contract is cancelled.

Proposed law shall not affect proper venue for an action on an open account, promissory note, or contract for sales of materials by a material supplier or materialman to the owner of the residential property.

Proposed law shall not affect the rights of any party provided in present law Private Works Act and provisions regarding claims on open accounts.

Proposed law defines "disaster repair contract" as a contract or subcontract entered into during the six month period following the initial declaration of a gubernatorially declared disaster or emergency following a natural disaster for repairs to a residential property located in the emergency area and affected by the natural disaster.

(Adds R.S. 9:2784.1)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Civil Law and Procedure to the original bill:

1. Provide for bringing a dispute in a venue, rather than a forum or jurisdiction.
2. Provide for consistent use of the phrase "federally declared state of emergency following a natural disaster".
3. Allow for payment of the cost of work performed and material ordered or delivered prior to cancellation, along with reasonable overhead.
4. Create exceptions applicable to materialmen.

5. Create an exception for the rights of any party provided by the Private Works Act and the provision for claims on open accounts.

The House Floor Amendments to the engrossed bill:

1. Provide that proposed law apply to contracts or subcontracts entered into during the six month period following a gubernatorially declared disaster or emergency following a natural disaster for repairs to a residential property affected by the natural disaster.
2. Provide for the expiration of the right to cancel a contract.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Judiciary A to the reengrossed bill

1. Remove requirements for exclusive venue of proceedings involving a dispute over a disaster repair contract.
2. Remove the expiration of the right to cancel a contract.
3. Add language to the definition of "disaster repair contract".
4. Make technical changes.