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4/12/23

LEGAL UPDATE

The question sometimes comes up in construction contracts: Do I need to provide an owner/buyer with notice of a “three business days” right to cancel a contract? In a recent Arizona case, the Court of Appeals said “no” under most circumstances.

The Federal Trade Commission requires a seller for “any door-to-door sale” to provide an owner/buyer three business days to cancel a purchase, and the seller’s contract must provide written notice of that right.

The FTC Rule, however, does not apply to transactions where:

the buyer has initiated the contact and specifically requested the seller to visit the buyer’s home *for the purpose of repairing or performing maintenance* upon the buyer’s personal property. If, in the course of such a visit, the seller sells the buyer the right to receive additional services or goods *other than replacement parts necessarily used in performing the maintenance or in making the repairs*, the sale of those additional goods or services would not fall within this exclusion. . .

Unless your company is going door-to-door to offer repairs or maintenance (such as roofing, plumbing, hvac) you do not have to worry about providing notice of a 3-day right to cancel. If a customer contacts you to come to their home and provide a quote or perform repair or maintenance work, the FTC rule does not apply.