

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 1375

DATE: April 5, 2006

Version: Second Engrossment

Authors: Severson and others

Subject: Homeowner's warranty on construction defects

Analyst: Thomas R. Pender, 651-296-1885

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

This bill requires a homeowner who alleges a construction defect in a new home or home improvement to give the building contractor a chance to offer to fix the problem. This is generally referred to as "the right to repair." The bill also provides that statutory homeowner warranty claims are not wiped out by the dissolution of a builder that is a corporation or limited liability company. This bill applies only to claims covered by the statutory homeowner warranties provided in chapter 327A.

Section

- 1** **Statutory homeowner warranty claims preserved.** Provides a cross-reference in the corporation laws to section 3 of this bill.
- 2** **Statutory homeowner warranty claims preserved.** Provides a cross-reference in the limited liability company laws to section 3 of this bill.
- 3** **Remedies unaffected by corporate dissolution.** Provides that the statutory homeowner warranties required under chapter 327A are not terminated by the dissolution of the corporation or limited liability company that is liable on the warranty.
- 4** **Response from vendor to notice of claim.** [Translation of legal terminology used in the bill: "vendee" means the homeowner. "Vendor" means the building contractor who either built a new home or did major home improvement work.] Requires a homeowner to give the building contractor an opportunity to inspect the home and offer to repair an alleged construction defect after the homeowner has given the builder a written notice of a claim

Section

under a statutory homeowner warranty under chapter 327A. Requires the builder to complete the inspection and make an offer to fix the problem within 30 days after the builder receives a written notice of the problem from the homeowner. (That written notice is required in another statutory section not shown in this bill.) The deadline for the homeowner to sue or begin an arbitration proceeding against the builder is extended (or as the bill says, "the statute of limitations is tolled") to allow for this process. The length of this extension is a period that begins when the builder receives the written notice of the problem and ends upon the earliest of the following events: (1) the date the builder gives the homeowner an offer to repair; (2) the date the builder rejects the homeowner's claim; (3) 30 days if the builder does not make an offer to repair within that 30 days; or (4) 180 days. Provides that the term "vendor" as used in the bill includes either a builder of a new home or a home improvement contractor.

Requires the seller to give the buyer a list of repairs and a notice that the vendee may have a right to pursue a warranty claim. States that the document is not an admission of liability.