

HOUSE RESEARCH

Bill Summary

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State law provides for a cause of action for damages resulting from a violation of a required new home or home improvement warranty. In new home construction, the vendee (the person purchasing the home) may sue the vendor (person or company responsible for building the home) for damages caused by the violation, or to require the vendor to fix the defects. In home improvement cases, the home owner may sue the home improvement contractor in the same manner.

This bill provides that, if the home purchaser or homeowner succeeds in a lawsuit resulting from the violation of a required warranty, the home purchaser or home owner is entitled to also receive reasonable attorney's fees and any costs and disbursements related to the suit. The home contractor would be required to pay these costs to the purchaser or owner of the home.

This bill is effective the day following final enactment, and would apply to any lawsuits pending or begun on or after that date.

The following warranties are required by law:

New Home Construction Warranties (section 327A.02, subdivision 1):

In every sale of a completed dwelling, and in every contract for the sale of a dwelling to be completed, the vendor shall warrant to the vendee that:

(a) during the one-year period from and after the warranty date the dwelling shall be free from defects caused by faulty workmanship and defective materials due to noncompliance with building standards;

(b) during the two-year period from and after the warranty date, the dwelling shall be free from defects caused by faulty installation of plumbing, electrical, heating, and cooling systems due to noncompliance with building standards; and

(c) during the ten-year period from and after the warranty date, the dwelling shall be free from major construction defects due to noncompliance with building standards.

Home Improvement Warranties (section 327A.02, subdivision 3):

(a) In a sale or in a contract for the sale of home improvement work involving major structural changes or additions to a residential building, the home improvement contractor shall warrant to the owner that:

(1) during the one-year period from and after the warranty date the home improvement shall be free from defects caused by faulty workmanship and defective materials due to noncompliance with building standards; and

(2) during the ten-year period from and after the warranty date the home improvement shall be free from major construction defects due to noncompliance with building standards.

(b) In a sale or in a contract for the sale of home improvement work involving the installation of plumbing, electrical, heating or cooling systems, the home improvement contractor shall warrant to the owner that, during the two-year period from and after the warranty date, the home improvement shall be free from defects caused by the faulty installation of the system or systems due to noncompliance with building standards.

(c) In a sale or in a contract for the sale of any home improvement work not covered by paragraph (a) or (b), the home improvement contractor shall warrant to the owner that, during the one-year period from and after the warranty date, the home improvement shall be free from defects caused by faulty workmanship or defective materials due to noncompliance with building standards.