

1.1 A bill for an act
1.2 relating to civil actions; statutory housing warranties; regulating recovery
1.3 for breaches; requiring a report; amending Minnesota Statutes 2008, section
1.4 327A.05.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2008, section 327A.05, is amended to read:

1.7 **327A.05 REMEDIES.**

1.8 Subdivision 1. **New home warranties.** Upon breach of any warranty imposed by
1.9 section 327A.02, subdivision 1, the vendee shall have a cause of action against the vendor
1.10 for damages arising out of the breach, or for specific performance. If the vendee is the
1.11 prevailing party, the vendee may also be awarded the vendee's costs, disbursements, and
1.12 reasonable attorney fees. Damages shall be limited to:

1.13 (a) the amount necessary to remedy the defect or breach; or

1.14 (b) the difference between the value of the dwelling without the defect and the value
1.15 of the dwelling with the defect.

1.16 Subd. 2. **Home improvement warranty.** Upon breach of any warranty imposed by
1.17 section 327A.02, subdivision 3, the owner shall have a cause of action against the home
1.18 improvement contractor for damages arising out of the breach, or for specific performance.
1.19 If the owner is the prevailing party, the owner may also be awarded the owner's costs,
1.20 disbursements, and reasonable attorney fees. Damages shall be limited to the amount
1.21 necessary to remedy the defect or breach.

1.22 Sec. 2. **HOMEOWNER WARRANTY DISPUTE RESOLUTION; REPORT TO**
1.23 **THE LEGISLATURE.**

2.1 The commissioner of labor and industry and the commissioner of commerce shall
2.2 consult with interested parties to review the homeowner warranty statutes in Minnesota
2.3 Statutes, chapter 327A, for purposes of developing a timely and prescriptive process for
2.4 resolving homeowner warranty disputes that promotes resolution of warranty claims
2.5 without litigation. The interested parties to be consulted include, but are not limited to:

2.6 (1) the construction section of the state bar association;

2.7 (2) the Builders Association of Minnesota;

2.8 (3) the Association of General Contractors;

2.9 (4) representatives of homeowners and consumers; and

2.10 (5) any other interested parties.

2.11 By January 15, 2010, the commissioner of labor and industry shall report to the chairs and
2.12 ranking minority members of the legislative committees with jurisdiction over homeowner
2.13 warranty statutes. The report must include recommendations for changes in the law to
2.14 promote resolution of homeowner warranty disputes.

2.15 **Sec. 3. EFFECTIVE DATE; APPLICATION.**

2.16 Section 1 is effective the day following final enactment and applies to causes of
2.17 action pending on, or commenced on or after, that date.