


HB

151

# REPRESENTATIVE KEVIN MEYER

HOUSE DISTRICT 30

## MEMORANDUM

DATE: May 12, 2003  
TO: Senator Ralph Seekins  
FROM: Representative Kevin Meyer   
RE: SCS CS HB 151(L&C) Dwelling Design/Construction Claims

Attached is the Senate Labor and Commerce Committee Substitute for HB 151. The following three changes were made:

Page 6, line 5-6:

Delete: "be contained on a separate page, and must"

Reason for change: Language in the House Floor amendment duplicated language already in HB 151.

Page 6, line 7:

Delete: "building or remodeling"

Insert: "design, construction, or remodeling"

Reason for change: Provide consistency throughout the legislation with legal drafting style.

Page 6, line 8:

Delete: "deemed as"

Insert: "considered to be the"

Reason for change: Provide consistency throughout the legislation with legal drafting style.

Thank you for your time and consideration.


# REPRESENTATIVE KEVIN MEYER

HOUSE DISTRICT 30

## MEMORANDUM

**DATE:** May 8, 2003

**TO:** Senator Ralph Seekins  
Chairman, Senate Judiciary Committee

**FROM:** Representative Kevin Meyer 

**RE:** SCS CS HB 151(L&C) Dwelling Design/Construction Claims

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At your earliest convenience, please schedule SCS CS HB 151(L&C) Dwelling Design/Construction Claims, pending referral to the Senate Judiciary Committee.

HB 151 provides homeowners and construction professionals with a process to solve construction defect issues on new homes or homes that undergo substantial remodeling, before needless litigation ensues.

The following changes were made in the Senate Labor and Commerce Committee Substitute to CS HB 151(JUD)am:

Page 6, Line 5-6:

Delete: "be contained on a separate page"

Page 6, line 7:

Delete: "building or remodeling"

Insert: "design, construction, or remodeling"

Page 6, line 8:

Delete: "deemed as"

Insert: "considered to be the"

As soon as the Senate Labor and Commerce Committee Substitute is available, I will bring the version to your committee aide.

Thank you for your time and consideration.

# **REPRESENTATIVE KEVIN MEYER**

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## **HOUSE DISTRICT 30**

### **Sponsor Statement**

#### **SCS CS HB 151(L&C)**

**“An Act relating to claims and court actions for defects in the design, construction, and remodeling of certain dwellings; limiting when certain court actions may be brought; and amending Rules 79 and 82, Alaska Rules of Civil Procedure.”**

SCS CS HB 151(L&C) will assist construction professionals and homeowners in resolving construction defect issues quickly and effectively, before needless litigation ensues.

HB 151 establishes a formal process for a homeowner to notify a construction professional of construction defects prior to filing a lawsuit. HB 151 establishes a time frame for the construction professional to address the defect. The homeowner's right to sue remains intact if they're not satisfied with the construction professional's efforts to repair the defect or settle by payment of money.

There are several consequences that homebuyers and construction professionals face without a timely process in place. Builders in nearly every state in the country are reporting enormous increases in general liability insurance premiums, as a result of exorbitant judgments that builders and their insurance companies are required to satisfy. Many providers of construction industry general liability insurance have chosen to stop providing this insurance to builders. Where insurance is available, it is often at significantly higher premiums and reduced levels of coverage.

Lengthy and expensive litigation significantly delays the repair of legitimate problems, decreases the value of homes stigmatized by litigation, and creates difficulties in refinancing or selling homes. Also, new home prices rise due to the increased insurance premiums on homebuilders and contractors.

The bottom line is that lawsuits would be a last resort, not the only way to resolve a problem. HB 151 puts into place a very simple and logical process for homeowners and construction professionals to follow. Both parties' interests would be guarded to ensure that timely repair occurred and not frivolous lawsuits.

Last Updated: May 8, 2003

# REPRESENTATIVE KEVIN MEYER

## HOUSE DISTRICT 30

### Sectional Analysis

#### SCS CS HB 151(L&C)

**“An Act relating to claims and court actions for defects in the design, construction, and remodeling of certain dwellings; limiting when certain court actions may be brought; and amending Rules 79 and 82, Alaska Rules of Civil Procedure.”**

**Section 1:** Provides that a person may only bring suit against a contractor after following the procedures set forth in the new sections AS 09.45.881-09.45.899.

**Section 2:** Provides a one-year statute of limitations for claims covered under AS 09.45.881-09.45.899, not to exceed ten years after the substantial completion of the dwelling. Provides that a limitation imposed under AS 09.10 for an action under AS 09.45.881-09.45.899 is tolled until the claimant reasonably understands that settlement under this process will not succeed.

**Section 3:** Provides the process that homeowners and construction professionals must follow prior to filing an action against a construction professional.

09.45.881: Written notice of claim served on a construction professional 90 days prior to filing the action.

09.45.882: Written response from the construction professional, providing for inspection, settlement, or dispute of claim, is due 21 days after the initial notice of claim is served to the professional.

09.45.883: Homeowner may bring an action against the construction professional if the construction professional disputes the claim in the notice.

09.45.884: If the homeowner rejects the construction professional's offers made under 09.45.882, it must be in writing.

09.45.885: If the offer to inspect is accepted by the homeowner, the homeowner must provide reasonable access to the dwelling.

09.45.886: Within 14 days of the inspection, the construction professional must serve, in writing, an offer to repair, an offer to settle by payment of money, or state that the construction professional will not repair.

09.45.887: Court action is allowed after the construction professional fails to repair or to settle within the 14 days after the inspection.

09.45.888: Court action is allowed if the homeowner rejects the construction professional's offer to repair.

Last Updated: May 8, 2003

Email: Representative\_Kevin\_Meyer@legis.state.ak.us • Toll Free: (866) 465-4945

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Interim: 716 W. 4th Ave., Anchorage, Alaska 99501-2133 • Phone: (907) 269-0199 Fax: (907) 269-0197

09.45.889: If a homeowner unreasonably rejects the construction professional's offer or does not give the professional reasonable opportunity to repair, the homeowner may not recover more than the cost of the repairs or the amount of a reasonable settlement offered by the construction professional.

09.45.890: To accept the construction professional's offer to repair, the homeowner must submit a written notice to the professional within 30 days after receiving the offer.

09.45.891: If a homeowner fails to accept an inspection, or fails to provide a written response to the professional, the failure establishes a rebuttable presumption that the damages could have been mitigated.

09.45.892: A construction professional may not assert that the homeowner did not comply with AS 09.45.881-09.45.899, if the professional failed to respond to the homeowner's written notices.

09.45.893: Construction professionals are required to include notification of this process when the professional enters into a contract with another person to design, construct, or remodel a dwelling. Provides for the location and the language of the notice.

09.45.894: Additional notice of claims and additional defects are to be handled separately from the initial notice of claim under AS 09.45.881.

09.45.895: The courts shall deduct the amount a homeowner receives from personal homeowner's insurance from the total settlement reached.

09.45.896: Exemptions.

09.45.899: Definitions.

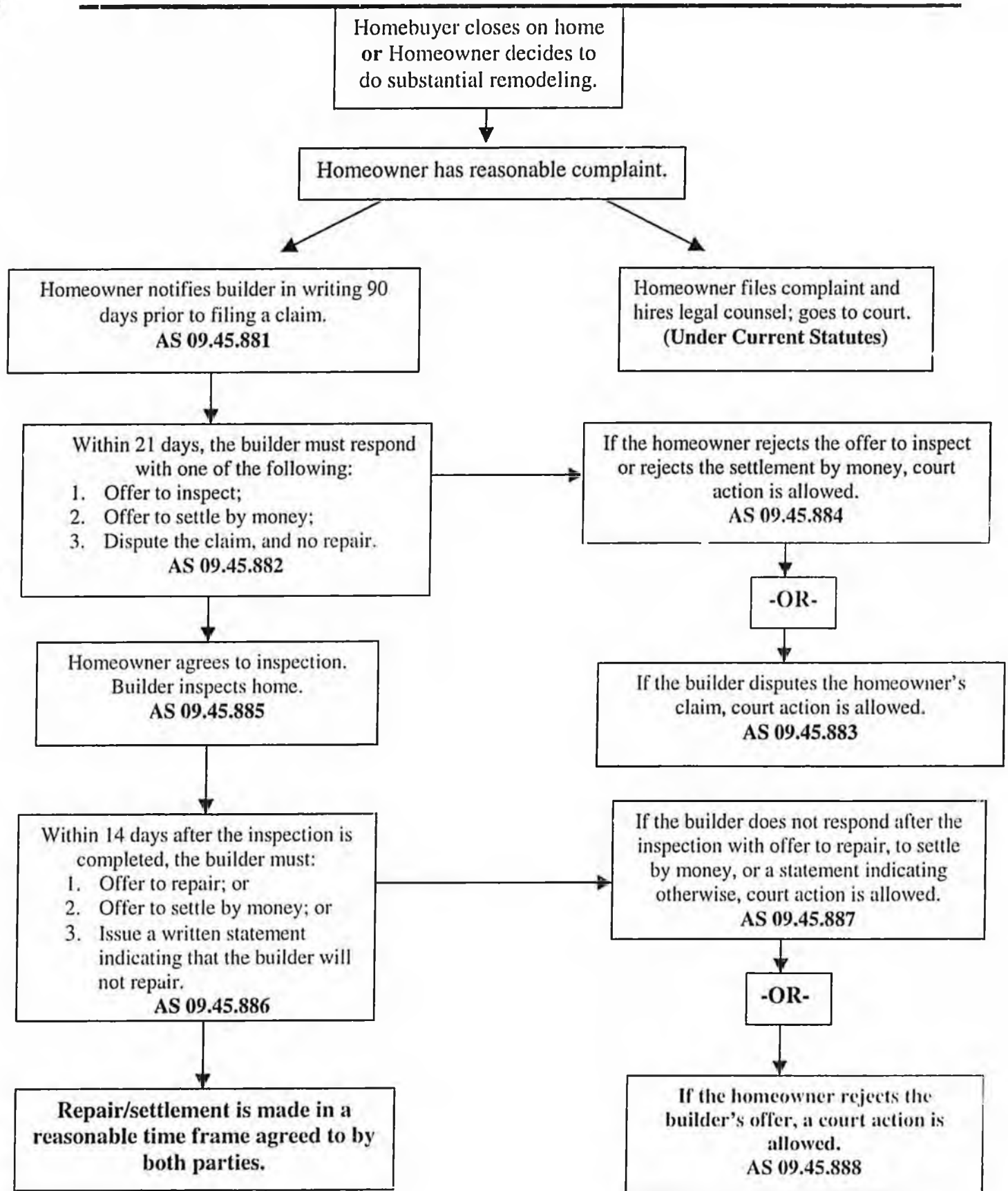
**Section 4:** Indirect Court Rule Amendments, Rule 79 and Rule 82, Alaska Rules of Civil Procedure.

**Section 5:** Applicability.

**Section 6:** Conditional effect.

# SCS CS HB 151(L&C) Dwelling Designs/Construction Claims

## Litigate or Communicate: Which Path to Justice?



23-LS0499X  
Bannister  
5/5/03

SENATE CS FOR CS FOR HOUSE BILL NO. 151( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES MEYER, Lynn

A BILL  
FOR AN ACT ENTITLED

1 "An Act relating to claims and court actions for defects in the design, construction, and  
2 remodeling of certain dwellings; limiting when certain court actions may be brought;  
3 and amending Rules 79 and 82, Alaska Rules of Civil Procedure."

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 \* Section 1. AS 08.18.081 is amended by adding a new subsection to read:

6 (c) If the claim for which a person may bring suit under (a) of this section is  
7 subject to AS 09.45.881 - 09.45.899, the person may not bring suit unless the person  
8 complies with AS 09.45.881 - 09.45.899.

9 \* Sec. 2. AS 09.10 is amended by adding a new section to read:

10 Sec. 09.10.054. Limits on when certain design, construction, and  
11 remodeling actions may be brought. (a) For actions covered under AS 09.45.881 -  
12 09.45.899, a claimant may not begin an action against a construction professional  
13 unless the notice of claim under AS 09.45.881 is given within one year after the  
14 claimant discovers the defect that is the subject of the action, except that the action

1 may not be begun more than 10 years after substantial completion of the dwelling  
2 construction or remodeling that contains or implements the alleged defect.

3 (b) A limitation imposed under this chapter for an action under AS 09.45.881 -  
4 09.45.899 is tolled between the time the claimant serves notice under AS 09.45.881  
5 and the time the claimant should reasonably understand that settlement under the  
6 procedures in AS 09.45.881 - 09.45.899 will not succeed.

7 (c) In this section,

8 (1) "action," "claim," "construction professional," and "dwelling" have  
9 the meanings given in AS 09.45.899;

10 (2) "substantial completion" means the date when the construction or  
11 remodeling is sufficiently completed to allow the owner of the dwelling or a person  
12 authorized by the owner to use or occupy the dwelling or the improvement to the  
13 dwelling in the manner for which the dwelling or improvement was intended.

14 \* Sec. 3. AS 09.45 is amended by adding new sections to read:

15 **Article 10A. Action for Dwelling Design, Construction, or Remodeling Claims.**

16 **Sec. 09.45.881. Notice of claim.** (a) In an action brought on a claim against a  
17 construction professional, the claimant shall, at least 90 days before filing the action,  
18 serve written notice of the claim on the construction professional.

19 (b) The notice of the claim in (a) of this section must state that the claimant  
20 asserts a claim against the construction professional for a defect in the design,  
21 construction, or remodeling of a dwelling and must describe the claim in reasonable  
22 detail sufficient to determine the general nature of the alleged defect and the results of  
23 the defect if known.

24 (c) At the request of the construction professional, the claimant shall provide  
25 to the construction professional any evidence that the claimant possesses that depicts  
26 the nature and cause of the defect and the nature and extent of the repairs necessary to  
27 repair the defect, including expert reports, photographs, and videotapes.

28 **Sec. 09.45.882. Written response to notice of claim.** (a) Within 21 days  
29 after service of the notice under AS 09.45.881, the construction professional shall  
30 serve a written response on the claimant.

31 (b) The written response under (a) of this section must state that the

1 construction professional

2 (1) offers to inspect the dwelling that is the subject of the claim within  
3 a specified time to determine if the construction professional will offer to repair the  
4 defect, will compromise and settle the claim by payment of money, or will dispute the  
5 claim;

6 (2) offers to compromise and settle the claim by a payment of money  
7 without inspection; or

8 (3) disputes the claim and will not repair the alleged defect or  
9 compromise and settle the claim by a payment of money.

10 **Sec. 09.45.883. Court action allowed if claim disputed or not responded**  
11 **to.** If the construction professional disputes the claim in the notice under  
12 AS 09.45.882(b)(3) or does not respond to the claimant's notice of claim within the  
13 time required by AS 09.45.882(a), the claimant may bring an action against the  
14 construction professional for the claim described in the notice of the claim made under  
15 AS 09.45.881 without further notice.

16 **Sec. 09.45.884. Consequence of rejecting inspection or settlement offer.**  
17 (a) If the claimant rejects the inspection offer under AS 09.45.882(b)(1) or the  
18 settlement offer under AS 09.45.882(b)(2), the claimant shall serve written notice of  
19 the claimant's rejection on the construction professional.

20 (b) The notice under (a) of this section must include the basis for the  
21 claimant's rejection of the construction professional's offer.

22 (c) After service of the rejection notice required by (a) of this section, the  
23 claimant may bring an action against the construction professional for the claim  
24 described in the notice of claim made under AS 09.45.881 without further notice.

25 **Sec. 09.45.885. Consequence of accepting inspection offer.** If a claimant  
26 elects to allow the construction professional to make an inspection under  
27 AS 09.45.882(b)(1), the claimant shall provide the construction professional and its  
28 contractors or other agents reasonable access to the claimant's dwelling during normal  
29 working hours to inspect the dwelling and the alleged defect to determine the nature  
30 and cause of the alleged defect and the nature and extent of any repairs necessary to  
31 repair the alleged defect.

1           **Sec. 09.45.886. Procedure after inspection.** Within 14 days after completion  
2 of an inspection made under AS 09.45.885, the construction professional shall serve  
3 on the claimant a written

4                   (1) offer to repair the defect without charge to the claimant; the offer  
5 must include a report of the scope of the inspection, the findings and results of the  
6 inspection, a description of any repairs necessary to repair the defect, and a schedule  
7 for the completion of the repairs;

8                   (2) offer to compromise and settle the claim by a payment of money  
9 under AS 09.45.882(b)(2); or

10                  (3) statement that the construction professional will not repair the  
11 defect.

12           **Sec. 09.45.887. Court action allowed after failure to repair or to settle.** If  
13 the construction professional does not respond within the time required by  
14 AS 09.45.886, does not repair the defect to the satisfaction of the claimant within the  
15 time agreed under AS 09.45.886(1), does not provide an offer under AS 09.45.886(2),  
16 or serves a statement under AS 09.45.886(3), the claimant may bring an action against  
17 the construction professional for the claim described in the notice of claim without  
18 further notice.

19           **Sec. 09.45.888. Court action allowed if claimant rejects offer.** (a) If the  
20 claimant rejects an offer made by the construction professional under AS 09.45.886(1)  
21 or (2), the claimant shall serve written notice of the claimant's rejection on the  
22 construction professional that includes the basis for the claimant's rejection of the  
23 construction professional's offer.

24                   (b) After service of the notice under (a) of this section, the claimant may bring  
25 an action against the construction professional for the claim described in the notice of  
26 claim made under AS 09.45.881 without further notice.

27           **Sec. 09.45.889. Unreasonable rejection of offer.** (a) If a claimant  
28 unreasonably rejects an offer made under AS 09.45.881 - 09.45.899 or does not give  
29 the construction professional a reasonable opportunity to repair the defect under an  
30 accepted offer of settlement, the claimant may not recover an amount that exceeds

31                   (1) the reasonable cost of the repairs offered under AS 09.45.886(1)

1 that are necessary to cure the defect and that are the responsibility of the construction  
2 professional; or

3 (2) the amount of a reasonable settlement offer of money that was  
4 made under AS 09.45.886(2).

5 (b) If a claimant unreasonably rejects a construction professional's offer made  
6 under AS 09.45.881 - 09.45.899 or does not give the construction professional a  
7 reasonable opportunity to repair the defect under an accepted offer of settlement, the  
8 court may deny the claimant an award of attorney fees and costs and may award  
9 attorney fees and costs to the construction professional.

10 **Sec. 09.45.890. Acceptance of offer.** (a) To accept an offer of a construction  
11 professional to repair a defect under AS 09.45.886(1), a claimant shall serve the  
12 construction professional with a written notice of acceptance within a reasonable  
13 period of time, not to exceed 30 days, after receiving the offer.

14 (b) A claimant who accepts an offer under (a) of this section shall provide the  
15 construction professional and its contractors or other agents reasonable access to the  
16 claimant's dwelling during normal working hours to perform the repairs by the time  
17 stated in the offer.

18 **Sec. 09.45.891. Presumption of mitigation.** If a claimant fails to allow a  
19 construction professional to make a reasonable inspection requested by the  
20 construction professional under AS 09.45.882(b)(1), or fails to provide a good faith  
21 written response to a construction professional's offer under AS 09.45.882(b)(2) or  
22 09.45.886(1) or (2), the failure establishes a rebuttable presumption that the claimant's  
23 damages could have been mitigated.

24 **Sec. 09.45.892. Noncompliance assertion prohibited.** Unless there is good  
25 cause for the failure, a construction professional may not assert that the claimant did  
26 not comply with AS 09.45.881 - 09.45.899 if the construction professional fails to  
27 respond in good faith to the claimant's notice of claim made under AS 09.45.881.

28 **Sec. 09.45.893. Notice required in contract.** (a) In order to take advantage  
29 of any rights of a construction professional under AS 09.45.881 - 09.45.899, when a  
30 construction professional enters into a contract with another person to design,  
31 construct, or remodel a dwelling, the construction professional shall give the person a

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notice of the construction professional's right to offer to cure a defect before the person may file an action in court against the construction professional.

(b) The notice required by (a) of this section must be included on a separate page attached to the contract and must contain a title at the top of the page that reads "Notice of Potential Claims Must Be Provided Within One Year." This form shall be signed by the purchaser or purchaser's authorized representative. The signature of either spouse to a design, construction, or remodeling contract shall be considered to be the authorization of both spouses.

(c) The notice required by (a) of this section must be conspicuous and must be in substantially the following form:

ALASKA LAW AT AS 09.45.881 - 09.45.899 CONTAINS IMPORTANT REQUIREMENTS THAT YOU MUST FOLLOW BEFORE YOU MAY FILE A COURT ACTION FOR DEFECTIVE DESIGN, CONSTRUCTION, OR REMODELING AGAINST THE DESIGNER, BUILDER, OR REMODELER OF YOUR HOME. WITHIN ONE YEAR OF THE DISCOVERY OF A DESIGN, CONSTRUCTION, OR REMODELING DEFECT, BEFORE YOU FILE A COURT ACTION, YOU MUST DELIVER TO THE DESIGNER, BUILDER, OR REMODELER A WRITTEN NOTICE OF ANY DESIGN, CONSTRUCTION, OR REMODELING CONDITIONS YOU ALLEGE ARE DEFECTIVE IN ORDER TO PROVIDE YOUR DESIGNER, BUILDER, OR REMODELER WITH THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY THE DESIGNER, BUILDER, OR REMODELER. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER STATE LAW, AND FAILURE TO FOLLOW THEM MAY AFFECT YOUR RIGHT TO FILE A COURT ACTION.

**Sec. 09.45.894. Additional construction defects; additional notice of claim required.** A court action for a defect that is discovered after a claimant has provided a

1 construction professional with a notice of claim required in AS 09.45.881 - 09.45.899  
2 may not be commenced until the claimant has complied with the provisions of  
3 AS 09.45.881 - 09.45.899.

4 **Sec. 09.45.895. Collateral sources.** In an action under AS 09.45.881 -  
5 09.45.899, a court shall deduct from the compensation awarded to a claimant any  
6 compensation paid to the claimant under a homeowner's warranty contract or a  
7 homeowner's insurance policy as compensation for the defects that are the subject of  
8 the action. The amount of this deduction does not include any compensation paid by  
9 the construction professional to the claimant to satisfy the claim or any compensation  
10 paid under an insurance policy issued to the construction professional to satisfy the  
11 claim.

12 **Sec. 09.45.896. Exemption.** AS 09.45.881 - 09.45.899 do not apply to claims  
13 for personal injury, including death.

14 **Sec. 09.45.899. Definitions.** In AS 09.45.881 - 09.45.899,

15 (1) "action" means a civil action or an arbitration proceeding for  
16 damages or indemnification;

17 (2) "claim" means a claim against a construction professional  
18 concerning a defect in the design, construction, or remodel of a dwelling;

19 (3) "claimant" means a person who owns or is purchasing a dwelling  
20 and who asserts a claim;

21 (4) "construction professional" means a registered contractor, architect,  
22 or engineer who is engaged in the business of designing, constructing, or remodeling a  
23 dwelling; in this paragraph, "contractor" has the meaning given in AS 08.18.171;

24 (5) "dwelling" means a single-family house, a duplex, or a multi-  
25 family housing unit, and the mechanical and other systems, the other components, and  
26 all improvements that are part of the house, duplex, or housing unit when the dwelling  
27 is constructed or remodeled; for purposes of this paragraph, "multi-family housing  
28 unit" means

29 (A) an individual housing unit in a multi-family housing  
30 facility; and

31 (B) the interest of the owner of an individual housing unit in

1 the common areas and improvements of a multi-family housing facility;

2 (6) "multi-family housing facility" means a residential horizontal  
3 property regime organized under AS 34.07, a residential condominium organized  
4 under AS 34.08, and a residential cooperative organized under AS 10.15;

5 (7) "remodel" means a change to a dwelling if the change has a value  
6 that is more than 25 percent of the value of the structure being changed;

7 (8) "serve" means to deliver by personal service or by certified mail,  
8 return receipt requested, to the last known address of the addressee.

9 \* **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to  
10 read:

11 **INDIRECT COURT RULE AMENDMENTS.** AS 09.45.889(b), enacted by sec. 3 of  
12 this Act, has the effect of changing

13 (1) Rule 82, Alaska Rules of Civil Procedure, by allowing the court to deny  
14 attorney fees to a claimant in the situation described by AS 09.45.889(b), even if the claimant  
15 is the prevailing party;

16 (2) Rule 79, Alaska Rules of Civil Procedure, by allowing the court to deny  
17 costs to a claimant in the situation described in AS 09.45.889(b), even if the claimant is the  
18 prevailing party.

19 \* **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to  
20 read:

21 **APPLICABILITY.** This Act applies to a claim if the contract for the work on which  
22 the claim is based was entered into on or after the effective date of this Act. In this section,  
23 "claim" has the meaning given in AS 09.45.899.

24 \* **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to  
25 read:

26 **CONDITIONAL EFFECT.** AS 09.45.889(b), enacted by sec. 3 of this Act, takes  
27 effect only if sec. 4 of this Act receives the two-thirds majority vote of each house required by  
28 art. IV, sec. 15, Constitution of the State of Alaska.

# FISCAL NOTE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSHB 151(L&C)  
 (H) Publish Date: 3/31/2003

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DCED  
 Title Dwelling Design/Construction Claims BRU \_\_\_\_\_  
 Component \_\_\_\_\_  
 Sponsor Meyer \_\_\_\_\_  
 Requester \_\_\_\_\_ Component No. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0  
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation has no fiscal impact on state spending.

Prepared by: Representative Tom Anderson, Chairman Phone \_\_\_\_\_  
 Division House Labor & Commerce Date/Time 3/31/03 10:58 AM  
 Approved by: Representative Tom Anderson Date 3/31/2003  
 Agency House Labor & Commerce

**General Liability Insurance**  
**Background Paper – February 20, 2003**

Builders are confronting a liability insurance crisis. Due to adverse insurance market conditions, including significant increases in construction defect litigation, liability coverage for builders is less available, more expensive, and more restrictive in terms of the coverage afforded. In February 2002, the NAHB Senior Officers formed the General Liability Insurance Task Force to study the current insurance problem and its impact on the housing industry.

The GLI Task Force was charged with studying the insurance crisis and developing a report and recommendations for NAHB policy and actions. The Task Force sponsored a resolution that was adopted by the NAHB Board of Directors at its meeting in Washington, D.C., on June 9, 2002. One element of the resolution includes support for state legislation requiring consumers to give builders and trade contractors notice of alleged construction defects and the opportunity to cure prior to the initiation of litigation. Other elements include support for federal legislation providing secondary insurance coverage for acts of terrorism, and development of education programs for NAHB members on risk management and insurance. The GLI Task Force presented its final report to the NAHB Board of Directors at the 2002 Fall Board meeting in Anchorage, Alaska.

One of the charges under the insurance resolution was to move forward on developing an education program for NAHB members on insurance and risk management. The NAHB University of Housing is developing a joint venture course for NAHB state and local affiliates. The first national program was held on January 19<sup>th</sup> at the International Builders Show in Las Vegas. There were seven attendees at the Las Vegas program. The University of Housing is finalizing the risk management course and will make it available to state and local home builder associations during 2003.

A background paper discussing the feasibility of developing an industry standard defining what constitutes a construction defect has been prepared and submitted for review by the Senior Officers. NAHB has voluntary guidelines as reflected in Residential Construction Performance Guidelines, produced by the NAHB Remodelers Council and Single Family Small Volume Builders Committee. The proposed NAHB industry standard would cover items not typically covered by building codes and, in the event of a dispute between builders and homeowners over an alleged construction defect, the dispute would be governed by the recognized standards.

State "Notice & Opportunity to Repair" laws would reform the way in which construction defect claims are resolved. Currently, homeowners with construction conditions that they allege are defective often choose to resolve those claims using the costly and time consuming litigation process where they can expect sympathetic judges and juries. This has resulted in a system of exorbitant judgments that builders and their insurance companies are required to satisfy. As a result of these large awards, many providers of construction industry general liability insurance have chosen to stop providing

this insurance to builders. Where insurance is available at all, it is often at significantly higher premiums and reduced levels of coverage (i.e., higher deductibles and multiple exclusions). "Notice & Opportunity to Repair" laws would enact a system that would attempt to resolve construction defect disputes between home builders and consumers without having to resort to the costly and time-consuming litigation process. The laws would require that homeowners provide written notice to home builders of construction conditions that they allege are defective at least 90 days prior to commencing litigation against the home builder. During the 90-day period prior to litigation, the legislation would require that builders and homeowners attempt to resolve the defects that are the subject of the claim. If, after the 90-day period, the homeowner's claim has not been resolved to their satisfaction, they may proceed with litigation against the builder.

**State Consideration (as of 2/18/03):**

**State:** Colorado  
**Bill No.:** H.B. 1161  
**Status:** Passed by House, Senate Consideration (2/20/03)  
**Provisions:** Notice & Right to Cure process 90 days before a lawsuit is filed; alter defect list once to report defects that were not originally found; removes code/standard violations from items that are considered to be defects; insurance performance standards; damage definitions & limitations; removes ability for consumers to get damages under Consumer Protection Act; allows non-economic damages in claims with personal injury

**State:** Idaho  
**Bill No.:** H.B. 133  
**Status:** Passed by House (2/11/03)  
**Provisions:** "Notice & Opportunity to Repair Act"; Damage limitations; builder affirmative defenses – unforeseen acts of nature, homeowner failure to minimize damage, failure to maintain, etc

**State:** Indiana  
**Bill No.:** S.B. 451  
**Status:** Passed by Senate Committee  
**Provisions:** Notice & Right to Cure process; damage limitations when homeowner unreasonably rejects builder offer to repair

**State:** Kansas  
**Bill No.:** H.B. 2294  
**Status:** Introduced, hearing scheduled (2/20/03)  
**Provisions:** Notice & Right to Cure process; damage limitations; homeowner maintenance requirements; affirmative defenses; notice of subsequent defects; insurance performance requirements; subcontractor notification requirements; HOA vote requirements

**State:** Kentucky  
**Bill No.:** H.B. 289  
**Status:** Introduced, Hearing scheduled (2/19/03)  
**Provisions:** Notice & Right to Cure process; contract notification requirements

**State:** New Mexico  
**Bill No.:** S.B. 445/H.B. 706  
**Status:** Introduced, referred to committees  
**Provisions:** Notice & Right to Cure process; contract notification provisions

**State:** Oklahoma  
**Bill No.:** H.B. 1334/S.B. 487  
**Status:** Introduced, referred to committees  
**Provisions:** Construction Defect Remediation Act; notice & opportunity to repair procedure; method of contractor response; method of purchaser response; contractor inspection; certain items inadmissible as evidence; limitation of liability; certain limit on damages; recovery of certain fees; extension of time periods; declaring the Construction Defect Remediation Act procedures as an exclusive remedy

**State:** Oregon  
**Bill No.:** H.B. 2389  
**Status:** Introduced, hearing held (2/12/03)  
**Provisions:** Notice & Right to Cure process; Construction Contractors Board release of contractors or sub-contractors not related to litigation through state certified inspection program

**State:** Texas  
**Bill No.:** H.B. 730/S.B. 383  
**Status:** Introduced (2/6/03)  
**Provisions:** "Residential Construction Commission Act"; state sponsored inspection and dispute resolution process; statutory warranty and building standards; warranties and building standards; limit non-economic damages; amend Residential Construction Liability Act

**State:** Washington  
**Bill No.:** S.B. 5536  
**Status:** Introduced (1/31/03)  
**Provisions:** Resolve disputes using arbitration; "focus on defects that actually cause property damage and affect the habitability of the building"; protect associations from liability for failing to comply with time limits for commencing legal proceedings

**State:** West Virginia  
**Bill No.:** H.B. 2553/S.B. 440  
**Status:** Introduced (2/4/03)  
**Provisions:** Notice & Right to Repair process; HOA notification requirements; code violations are actionable defects; contract notification provisions; insurance performance requirements

As of February 18, 2003, the following nine states were also considering the introduction of "Notice & Opportunity to Repair" legislation during the 2003 session. This legislation could come in the form of "stand-alone" legislation or as the part of more general tort reform efforts: Alabama, Alaska, Florida, Illinois, Louisiana, Missouri, Montana, South Carolina, and Wisconsin. Builders in Texas & Wisconsin are supporting legislation aimed at reducing construction defect litigation through other legislative means.

## NAHB Urges State Legislators to Address Liability Insurance Crisis

August 12, 2002 - National Association of Home Builders (NAHB) President Gary Garczynski has urged state legislators from around the country to focus their attention on the general liability insurance crisis and the effect that crisis is having on housing and its role in the national economy. Underscoring the severity of the problem, Garczynski's remarks were made during a special session at the annual meeting of the American Legislative Exchange Council (ALEC) on August 9.

"It is in everyone's best interest to solve the general liability insurance problem so that the housing industry can continue to keep the national economy afloat," said Garczynski, a builder/developer from Woodbridge, Va. "The spillover investment in the local economy after a consumer purchases a home is tremendous, and those housing-generated local economic benefits are keeping consumer confidence up at a level that Wall Street is simply not delivering. But the liability insurance issue poses a threat because it could derail the vibrancy of the housing economy. If we don't address this issue, we could diminish the immediate and future growth of the industry at a time when the rest of the economy is relying on housing."

According to NAHB, builders in nearly every state are reporting enormous increases in general liability insurance premiums, and builders in some states are reporting that insurance isn't available at any price. To begin solving the problem, NAHB is urging legislators to work with builders across the country to pass legislation ensuring that builders have an opportunity to fix a problem before being dragged into court.

Garczynski added that the liability insurance issue is preventing builders from constructing more affordable housing and blocking state and local government efforts to achieve Smart Growth. "Not acting quickly to solve the general liability insurance problem will diminish our ability to provide safe, decent and affordable homes for working families and prevent us from implementing Smart Growth goals through the production of new multi-family housing," he said.

California is a prime example of how badly the general liability insurance crisis has affected the affordability and supply of multifamily housing, Garczynski said. Since 1994, litigation has discouraged the production of apartments, townhouses and condominiums. Multifamily for-sale starts dropped from 13,681 in 1994 to just 2,945 in 1999 – an 85% decline in a state already suffering from a dearth of affordable housing.

Commenting about the large number of construction defect liability cases, Garczynski acknowledged that "there are legitimate construction defect cases." To address these concerns, builders are taking proactive steps to minimize disputes, including improving quality control, preparing home owner manuals that give tips on dispute resolution, and providing better customer service.

But litigation remains a major obstacle to solving the problem. "Many trial attorneys are more interested in winning big settlements in court than they are in fixing their clients' problems," Garczynski said. Because of the emphasis on litigation, "the situation has gotten completely out of hand. State legislative and regulatory action is necessary to make it harder for trial attorneys to take advantage of the industry and unsuspecting home owners."

To that end, NAHB is advocating that state legislators work with builders in their states to pass "Notice and Right to Cure" legislation similar to bills passed earlier this year in Washington and Arizona. These bills require home owners and attorneys to notify builders of alleged construction defects prior to filing lawsuits. The legislation also requires a timeframe to give builders an opportunity to address defect concerns. Both bills preserve a home owner's right to sue if they're not satisfied.

Several national organizations of elected public officials are now considering adopting model legislation. The models being considered by ALEC, the Council of State Governments, and the National Conference of State Legislatures are similar to legislation that was adopted in Arizona and Washington.

Under the model "Notice and Right to Cure" process, home owners or home owners associations (HOAs) are required to provide written notice to builders 90 days before a lawsuit is filed that the owners or HOAs allege that construction defects exist in their property. Contractors would then have 30 days in which to: 1) propose to inspect the alleged defects; 2) offer to settle the claim by payment; or 3) dispute the claim.

Other elements of the model legislation being considered include requirements for home owners associations to obtain the written approval of all unit owners prior to commencing a construction defect action and for contractors to provide home owners and home owners associations with the names, addresses, professional licenses (if applicable), and scope of work of all subcontractors, suppliers, or design professionals involved in building the residence.

"We need legislation that spells out a clear and predictable way to solve problems," Garczynski added. "This approach assures that home owner complaints are resolved quickly and prevents builders from being victimized by opportunistic trial lawyers."



## Liability rates rising faster than homes

Feb. 12, 2002  
By JR Ball,  
Business Report staff

### Residential developers, builders say 'frivolous lawsuits' spike insurance costs, limit coverage

Don Joffrion knows lawsuits.

A residential developer and builder for 22 years, Joffrion has been sued numerous times by irate homeowners and their lawyers. Remembering the exact number of lawsuits is difficult, but he is certain of one fact:

"There was only one time that I was found to be liable," said Joffrion, matter-of-factly. "I knew about the problem and offered to fix it without going to court, but the homeowner was a lawyer who was out for blood."

He's not alone. Area home builders are being hauled into court with increasing frequency to defend themselves against construction-defect lawsuits.

Builders say most of the suits are frivolous. Construction-defect attorneys counter that contractors have cut corners while trying to cash in on the housing boom of the 1990s.

Either way, it's up to the builders' general liability insurer to pick up the legal tab.

Tired of the increased risk and mounting legal fees, a number of liability insurance companies have pulled out or are in the process of leaving the Baton Rouge residential construction market. Included in that group is the leading insurer of area builders—Zurich North America, the third largest property and casualty company in the United States.

Those that remain are not only raising rates—between 15 percent and 100 percent, depending on builder experience and volume of business—but are including a greater number of coverage restrictions and exemptions in policies.

Because many builders are in the process of renewing their insurance coverage—or scrambling to find a new carrier—they say it's impossible to predict the impact on home prices. But most agree any increases will be minimal since insurance costs are but a small percentage of the construction budget.

General liability rates last year ranged from \$1,000 to \$1,800 per home, depending on the size and difficulty of the project.

But area insurance agents warn that simply finding a company to carry a builder or developer is the problem, not rate increases.

"I could probably insure somebody who does asbestos abatement on a nuclear submarine faster than I can insure a home builder right now," said Al Scallan, an agent with Bynum, Grace & Joffrion, a company that represents some 100 builders in the area.

"I have subcontractors that are going into plants and welding pipe next to petroleum cracking facilities and the only question I get from the insurance company is if they're also working on residential home construction."

General liability policies provide broad protection against claims stemming from injuries, building defects or property damage associated with construction.

Developers and general contractors are required to carry general liability and workers' comp insurance to do business in Baton Rouge. That regulation does not extend to most subcontractors, and many do not carry insurance. If that's the case, the contractor must carry them.

Baton Rouge builders are hardly alone in this problem. In fact, the situation is far worse in California, Texas and New York where rates have jumped by as much as 300 percent.

Regardless of where you're at on the map the problem is the same—insurance companies say developers and builders are risky business.

"Plain and simple, it's the increased cost of litigation," said Bill Bateman, an agent for Baton Rouge Agency. "It doesn't matter if the lawsuit has merit. Once it's filed, the insurance agency is obligated to defend it."

The surge in lawsuits began nearly a decade ago when problems associated with the installation of an exterior surface known as EIFS caused the wooden frames in homes to rot.

"Zurich got absolutely pounded on EIFS claims," said Scallan, once a member of the company's advisory board. Company officials declined to reveal how much money was paid out in EIFS-related claims, but industry newsletters project the amount in excess of \$500 million.

A bigger problem in Baton Rouge is subsidence, where the ground is actually sinking beneath homes. Several homeowners in the Country Club of Louisiana have recently filed subsidence-related lawsuits.

Claims stemming from mold appearing in homes has proved to be the third strike for numerous insurance carriers. The exact cause of mold intrusion isn't known, but experts believe the problem is tied to newly constructed homes being increasingly airtight. Consequently, in areas of high humidity, trapped moisture inside a home becomes a breeding ground for mold spores.

While there have been few mold-related lawsuits filed in Louisiana, more than 1,000 such claims have been filed in both California and Texas in the past year.

"None of these problems were contemplated when many of these insurance companies got into residential construction," said Scallan. "There's just not enough money to pay off all the claims."

Zurich isn't the first company to ease its way out of the residential business, but its decision to stop carrying developers and limit general contractor policies has hit the Baton Rouge market hard. "They probably covered 80 percent of the market in this town," said Bateman.

Zurich officials said the move is a simple business decision. "The claims that we're seeing far exceed the fees generated," said Keith Owens, the company's public relations manager. "We're in the business of assuming risk, but we also want to make a profit."

Scottsdale Insurance, owned by Nationwide Mutual, has already pulled out of the residential market and CNA has stopped writing general liability policies in Louisiana until it gets state approval for a mold exclusion clause. Essex Insurance Co. won't cover contractors who build more than six homes in an individual subdivision.

"These companies just assume the developer or builder is going to get sued," said Bateman. "An attorney can go into any large subdivision and find three or four people dissatisfied for some reason, including they can't pay their note and they're looking for a way to get out."

Rising litigation costs have come at a particularly hard time for the insurance industry. After a 10-year boom, the market has tightened, prompting significant rate increases. And losses resulting from the Sept. 11 terrorist attacks have forced insurers to reassess their commitment to less profitable insurance lines, said American Insurance Association spokeswoman Julie Rochman. The result? Insurers are walking away "from certain types of risk."

When liability insurance providers leave the marketplace, there is less competition among those who remain. The result is a quasi-monopoly, said Nick Xiros, an insurance consultant for AON Risk Services, an international brokerage and consulting firm. "Carriers can then charge whatever they want."

"I'm not worried about cost increases. I'll take whatever I can get right now," said Ken Jones of St. Francisville-based Jones Design/Builders LLC. "The bigger issue is even finding coverage. There will be some builders who can't and they'll be forced to go out of business."

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**NAHB**  
NATIONAL ASSOCIATION  
OF HOME BUILDERS



**JESS HALL**

Area 15 National Vice President  
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907-746-2759 (Fax)  
build@hallqualityhomes.com

March 17, 2003

The Honorable Kevin Meyer  
Alaska House of Representatives  
State Capitol Building, Suite 513  
Juneau, Alaska 99801

Dear Rep. Meyer:

Thank you for sponsoring HB151, the right to repair legislation. This letter is to express my support for the bill.

Across the entire nation – and especially in Alaska right now – liability insurance rates are dramatically increasing. The cost to my business is increasing and in fact it is becoming very difficult to find carriers who will provide coverage.

This legislation is a win-win situation. A conscientious builder who wants to do a good job will have the opportunity to repair any defects in a home. Also, the homeowner will have the defect repaired. A long and costly lawsuit only makes the problem worse for both sides. Many times a builder is not contacted by a homebuyer about a problem before a summons is issued. My company has been using a warranty program for the last ten years and it has worked quite well. It is very similar to HB151.

In the event that the notification process in HB151 does not solve the issue – both sides will retain their right to pursue claims in court if absolutely necessary. The idea here is that lawsuits should be the last thing that should be done to fix a problem.

A home is indeed a person's castle, and in most cases is the single largest investment that a family will make. Legitimate defects in a home should be repaired before the problem becomes worse for both the homeowner and the builder. Letting a problem fester while disputes wind their way through the court system only creates more potential cost for the builder and a potentially unsafe living situation for the homeowner. HB151 tries to avoid this mess by simply saying, "let the builder fix the problem".

Thank you again for sponsoring this bill and your efforts. Please let me know how I can help you get this legislation passed this session.

Sincerely,

Jess Hall

JH:lfb

**ahba**

Affiliated with NAHB

March 17, 2003

The Honorable Kevin Meyer  
Alaska House of Representatives  
State Capitol Building, Suite 513  
Juneau, Alaska 99801

In Re: House Bill 151, Right to Repair

Dear Rep. Meyer:

Thank you for sponsoring HB151, the right to repair legislation. This letter is to express my support for the bill.

Across the entire nation - and especially in Alaska right now - liability insurance rates are dramatically increasing. The cost to my business has increased, and in fact it is becoming even more difficult to find carriers who will provide coverage.

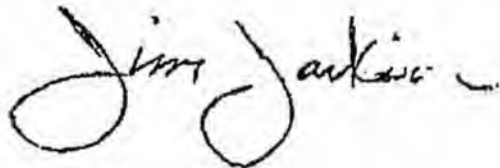
This legislation is a win-win situation. A conscientious builder who wants to do a good job will have the opportunity to repair any defects in a home. Also, the homeowner will have the defect repaired. A long and costly lawsuit only makes the problem worse for both sides.

In the event that the notification process in HB151 does not solve the issue - both sides will retain their right to pursue claims in court if absolutely necessary. The idea here is that lawsuits should be the last thing that should be done to fix a problem.

A home is indeed a person's castle, and in most cases is the single largest investment that a family will make. Legitimate defects in a home should be repaired before the problem becomes worse for both the homeowner and the builder. Letting a problem fester while disputes wind their way through the court system only creates more potential cost for the builder and a potentially unsafe living situation for the homeowner. HB151 tries to avoid this mess by simply saying "let the builder fix the problem".

Thank you again for sponsoring this bill and your efforts. Please let me know how I can help you get this legislation passed this session.

Sincerely,

**"Building Better Places to Live, Work and Play"****ANCHORAGE HOME BUILDERS ASSOCIATION, INC.**

8301 Schoon Street, Suite 200 • Anchorage, AK 99518 • (907) 522-3605 • Fax (907) 522-3757





**a home renovation and building provisions company**

The Honorable Kevin Meyer  
Alaska House of Representatives  
State Capitol Building, Suite 513  
Juneau, Alaska 99801

Re: House Bill 151, "Right to Repair"

Dear Rep. Meyers,

This letter is to express my support of HB-151.

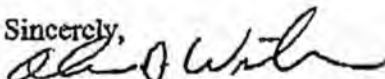
Homebuilders across Alaska are facing a liability insurance crisis. Home Builders have found their insurance premiums have doubled in cost. A greater fear is that insurance brokers and agents are telling us that there are only two companies in the state that are writing general liability insurance policies. With these types of increases many of the small companies are opting not to play by the rules, i.e.: no license, no workers compensation or general liability insurance.

This legislation is a common sense approach to resolving the majority of builder, homeowner disputes. Why is it common sense? Because many issues can be avoided when communication takes place. I believe that most builders want to do the right thing and fix any problems that arise with their products. This legislation forces the builder and the homeowner to communicate and as a last resort they can still go to court.

The cost of housing is always a concern. According to insurance industry professionals this type of legislation provides a level of certainty and stability in the construction industry. We live in a time when our clients would rather file law suits than have the problem fixed. When the cost of defending builders is reduced our premiums should reflect the reduced cost of providing coverage.

Thank you for sponsoring this bill. Your efforts on behalf of the home building industry are appreciated. I'm looking forward to testifying on this bill.

Sincerely,



Alan Wilson, President

Building satisfaction one room at a time.

907-780-3627 907-780-4327

5434 Shaune Dr. B-4 Juneau, Alaska 99801

*Spinelli*  
HOMES, Inc.

The Honorable Kevin Meyer  
Alaska House of Representatives  
State Capitol Building, Suite 513  
Juneau, AK 99801

In Re: House Bill 151, Right to Repair

Dear Rep. Meyer:

I am a homebuilder in Alaska and would like to take this opportunity to express my appreciation for your support towards HB151, the right to repair legislation.

It is becoming more and more complicated to find low liability insurance rates, which makes it more expensive to run my business.

Both parties benefit when a builder gets a chance to fix the problems that occur, and the homeowner is at ease knowing that his/her requests have been fulfilled. A lawsuit will only create more work and effort from both the builder and the homeowner, and should only be used to solve a problem if absolutely necessary. HB151 reserves the right, if appropriate, to create a claim in court if the process does not resolve the issue at hand.

Usually, purchasing a new home is the largest investment a family will make in a lifetime. This is significant when taking into consideration the problems that occur, and the result when the problems sit while questions/complaints are dealt with in a court process. HB151 attempts to counter this problem by simply "letting the builder fix the problem."

If there is anything I can do to assist you in getting this bill passed, please do not hesitate to let me know.

Sincerely,



Chuck Spinelli  
Spinell Homes, Inc.



**DECADES OF EXCELLENCE**

*George Moore, Owner*

The Honorable Kevin Meyer  
Alaska House of Representatives  
State Capitol Building, Suite 513  
Juneau, Alaska 99801

In Re: House Bill 151, Right To Repair

Dear Rep. Mayor:

Thank you for sponsoring HB151, the right to repair legislation. This letter is to express my support for the bill.

Across the entire nation – and especially in Alaska right now – liability insurance rates are dramatically increasing. The cost to my business has increased, and in fact it is becoming even more difficult to find carriers who will provide coverage.

The legislation is a win-win situation. A conscientious builder who wants to do a good job will have the opportunity to repair any defect in a home. Also, the homeowner will have the defect repaired. A long and costly lawsuit only makes the problem worse for both sides.

In the event that the notification process in HB151 does not solve the issue – both sides will retain their right to pursue claims in court in absolutely necessary. The idea here is that lawsuits should be the last thing that should be done to fix a problem.

A home is indeed a person's castle, and in most cases is the single largest investment that a family will make. Legitimate defects in a home should be repaired before the problem becomes worse for both the homeowner and the builder. Letting a problem fester while disputes wind their way through the court system only creates more potential cost for the builder and potentially unsafe living situation for the home owner. HB151 tries to avoid this mess by simply saying "let the builder fix the problem".

Thank you again for sponsoring this bill and your efforts. Please let me know how I can help you get this legislation passed this session.

Sincerely,

George Moore



January 8, 2003

Alaska State Home Builders Association

RE: Subcontractors Insurance Issues

Partusch Plumbing's workers comp insurance premium increased 46% this year. We were only able to get two quotes with the other quote being a 95% increase over 2001. Our losses for 2001 were 12,000 with a total premium paid of approximate 105,000. We managed our losses pretty well but to no avail.

Our General liability and auto insurance went up 13% for 2003. We don't even want to see what the company's health and dental insurance, which renews in April, might be. But they have been averaging approximately a 16% increase each year over the last three years.

The various insurances that we need are now the single biggest cause for price increases to our builders. It now rivals our yearly labor costs increases in total dollars. Our own associations mission statement is to be able to offer affordable housing. Our energies need to be focused on these insurance issues, so we can fulfill that statement.

Thanks for you time,

A handwritten signature in cursive script that reads "Larry Partusch".

Larry Partusch  
President



## TILLY & COMPANY, Ltd.

Tanana Builders

P.O. Box 72080

Fairbanks, AK 99707

Phone (907) 456-5565 Fax (907) 452-3175

Contractor's License #AA24415 / Endorsement #178

Email: [tillyco@gei.net](mailto:tillyco@gei.net)

March 15, 2003

**The Honorable Kevin Meyer  
Alaska House of Representatives  
State Capitol Building, Suite 513  
Juneau, Alaska 99801**

**Re: House Bill 151, Right to Repair legislation**

Dear Representative Meyer,

I wish to thank you for sponsoring HB151, the right to repair legislation. This letter serves as my expression of support for this bill.

All across the nation, as well as here in Alaska, liability insurance costs have increased dramatically. The costs to my firm have increased again this year and it is becoming more difficult to find insurance carriers to offer coverage for our industry. The increases in costs eventually are passed along in our final products so the consumer ultimately shares in this increase of expenses. The insurance dilemma will just make affordable housing that much harder to create here in Alaska.

HB151 is a good effort towards positive legislation. A good builder who works to maintain his reputation will have the opportunity to repair any defects in one of his products. Also, the homeowner can rest assured that any problems will be addressed. The involvement of legal action and costly lawsuits only make the problem worse for all parties involved.

As stated in the bill, in the event that the notification process does not solve the issue, both sides will retain the right to pursue claims within the judicial system if absolutely necessary. The whole premise here is that lawsuits should be the last thing that should be pursued to resolve a problem.

A home purchase is most likely the largest investment many families make. Legitimate defects in a home should be repaired prior to the defect becoming a larger problem for the homeowner or the construction contractor. Leaving a problem unresolved during a protracted legal action only creates more hard feelings, costly litigation for both parties as well as possibly a potentially unsafe living condition for the homeowner. HB151 is anticipated to relieve this situation by saying, give the builder the opportunity to correct the problem at hand.

RECEIVED

MAR 19 2003

Page 2.

Again, I thank you for sponsoring this bill. Please feel free to contact me if there is anything I can do to help get this legislation passed during this session. As a professional contractor and builder, I welcome common sense legislation that is in the best interests of all parties involved. As a member of the Alaska State Homebuilding Association, the National Association of Homebuilders and as the current president of the Interior Alaska Homebuilding Association, I appreciate your involvement in issues of concern to the homebuilding industry.

Respectfully submitted,

*R.S.Tilly*

Richard S. Tilly  
President  
Tilly & Company, Ltd.

Cc: file, Interior Alaska Building Association, Alaska State Homebuilding Association

✓

# NCP

DESIGN/BUILD, LTD.

March 17, 2003

The Honorable Kevin Meyer  
Alaska House of Representatives  
State Capitol Building, Suite 513  
Juneau, Alaska 99801

In Re: House Bill 151, Right to Repair

Dear Rep. Meyer:

Thank you for supporting HB151, the right to repair legislation. This letter is to express my support for the bill HB151.

Across the entire nation - and especially in Alaska right now - liability insurance rates are dramatically increasing. The cost to my business has increased, and in fact it is becoming even more difficult to find carriers who will provide coverage.

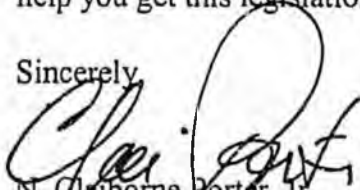
This legislation is a win-win situation. A conscientious builder who wants to do a good job will have the opportunity to repair any defects in a home. Also, the homeowner will have the defect repaired. A long and costly lawsuit only makes the problem worse for both sides.

In the event that the notification process in HB151 does not solve the issue - both sides will retain their right to pursue claims in court if absolutely necessary. The idea here is that lawsuits should be the last thing that should be done to fix a problem.

A home is indeed a person's castle, and in most cases is the single largest investment that a family will make. Legitimate defects in a home should be repaired before the problem becomes worse for both the homeowner and the builder. Letting a problem fester while disputes wind their way through the court system only creates more potential cost for the builder and a potentially unsafe living situation for the homeowner. HB151 tries to avoid this mess by simply saying "let the builder fix the problem".

Thank you again for sponsoring this bill and your efforts. Please let me know how I can help you get this legislation passed this session.

Sincerely,



N. Calborne Porter, Jr.  
NCP Design/Build Ltd.

RECEIVED

MAR 20 2003



ALASKA ASSOCIATION OF REALTORS, INC.  
741 Sesame Street, Suite 100 • Anchorage, Alaska 99503  
Telephone 907-563-7133 • Fax 907-563-8476

April 11, 2003

The Honorable Kevin Meyer  
Alaska House of Representatives  
State Capitol Building, Suite 513  
Juneau, Alaska 99801

In Re: House Bill 151 ,Relating to the Right to Repair

Dear Representative Meyer:

The Alaska Association of REALTORS with over 1,100 members statewide supports House Bill 151, which provides consumers and construction professionals with a process to resolve construction defect issues on new homes or homes that undergo substantial remodeling.

We favor this bill because it gives the conscientious builder the opportunity to repair any legitimate defects in a home, and satisfies the homeowner by having the defect repaired. The Association is in agreement that a long and costly lawsuit should be the last avenue to resolve a problem.

The Alaska Association of REALTORS encourages the passage of House Bill 151.

Sincerely,

A handwritten signature in cursive script that reads 'Carole Winton'.

Carole Winton  
President



ISLAND TILE & MARBLE  
832 BUREN #99  
KETCHIKAN, AK 99901  
(907)225-5444

March 18, 2003

The Honorable Kevin Meyer  
Alaska House of Representatives  
State Capitol Building, Suite 513  
Juneau, Alaska 99801

In Re: House Bill 151, Right to Repair

Dear Rep. Meyer:

Thank you for sponsoring HB151, the right to repair legislation. This letter is to express my support for the bill.

Across the entire nation - and especially in Alaska right now - liability insurance rates are dramatically increasing. The cost to my business has increased, and in fact it is becoming even more difficult to find carriers who will provide coverage.

This legislation is a win-win situation. A conscientious builder who wants to do a good job will have the opportunity to repair any defects in a home. Also, the homeowner will have the defect repaired. A long and costly lawsuit only makes the problem worse for both sides.

In the event that the notification process in HB151 does not solve the issue - both sides will retain their right to pursue claims in court if absolutely necessary. The idea here is that lawsuits should be the last thing that should be done to fix a problem.

A home is indeed a person's castle, and in most cases is the single largest investment that a family will make. Legitimate defects in a home should be repaired before the problem becomes worse for both the homeowner and the builder. Letting a problem fester while disputes wind their way through the court system only creates more potential cost for the builder and a potentially

unsafe living situation for the homeowner. HB151 tries to avoid this mess by simply saying "let the builder fix the problem".

Thank you again for sponsoring this bill and your efforts. Please let me know how I can help you get this legislation passed this session.

Sincerely,

*Anne McQueen*

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**WHITE SPRUCE ENTERPRISES, INC.**

10295 Old Valdez Trail - Salcha, AK 99714

Telephone 907-488-9004

Fax 907-488-2551

[whitespruce@mooseultra.com](mailto:whitespruce@mooseultra.com)

The Honorable Kevin Meyer  
Alaska House of Representatives  
State Capitol Building, Suite 513  
Juneau, AK 99801

Re: House Bill 151, Right to Repair

Dear Representative Meyer:

Thank you for sponsoring HB151, the right to repair legislation. This letter is to express my support for the bill.

Liability insurance rates are sharply increasing for contractors across the nation—as well as Alaska. Rates have increased significantly to my business this year. A company that I dealt with last year has pulled out of Alaska, and it is increasingly harder to find a company who has been in Alaska for a period of time or who will continue to cover liability coverage here in our state in the future.

The opportunity for the builder to be able to repair any defects in a home will provide a solution to the buyer and, hopefully, prevent costly lawsuits. Which in turn, raise the cost of insurance. If the repair does not solve the issue, both parties still retain their right to claims in court. Homeowners and builders do not want to pay costly legal fees and spend significant time in court before the repair is done.

HB151 is a way allowing the builder to fix the problem. Thank you for sponsoring this bill.

Sincerely,



Leslie Gustafson, Vice President  
White Spruce Enterprises, Inc.



03/17/03

The Honorable Kevin Meyer  
Alaska House of Representatives  
State Capitol Building, Suite 513  
Juneau, Alaska 99801

In Re: House Bill 151, Right to Repair

Dear Rep. Meyer:

Thank you for sponsoring HB151, the right to repair legislation. This letter is to express my support for the bill.

Across the entire nation - and especially in Alaska right now - liability insurance rates are dramatically increasing. The cost to my business has increased, and in fact it is becoming even more difficult to find carriers who will provide coverage.

This legislation is a win-win situation. A conscientious builder who wants to do a good job will have the opportunity to repair any defects in a home. Also, the homeowner will have the defect repaired. A long and costly lawsuit only makes the problem worse for both sides.

In the event that the notification process in HB151 does not solve the issue - both sides will retain their right to pursue claims in court if absolutely necessary. The idea here is that lawsuits should be the last thing that should be done to fix a problem.

A home is indeed a person's castle, and in most cases is the single largest investment that a family will make. Legitimate defects in a home should be repaired before the problem becomes worse for both the homeowner and the builder. Letting a problem fester while disputes wind their way through the court system only creates more potential cost for the builder and a potentially unsafe living situation for the homeowner. HB151 tries to avoid this mess by simply saying "let the builder fix the problem".

Thank you again for sponsoring this bill and your efforts. Please let me know how I can help you get this legislation passed this session.

Sincerely,

  
GENERAL MANAGER