

HCS SS SCS SB 1081 -- RESIDENTIAL CONSTRUCTION

SPONSOR: Kinder (Pratt)

COMMITTEE ACTION: Voted "do pass" by the Committee on Local Government by a vote of 16 to 1.

This substitute creates a procedural prerequisite for filing a lawsuit for defective residential construction. In its main provisions, the substitute:

- (1) Requires contractors to provide written notice to homeowners, including homeowners' associations, upon entering contracts of the right to offer to cure construction defects before homeowners may file legal actions;
- (2) Requires homeowners to provide written notice to contractors detailing the alleged defective construction prior to filing a lawsuit;
- (3) Requires contractors to respond timely in writing, offering an inspection followed by repair, monetary compensation, or disputation of the claim; offering monetary compensation; or disputing the claim; and
- (4) Describes the circumstances in which homeowners must first attempt a mediation of claims or may proceed directly to filing a lawsuit.

FISCAL NOTE: No impact on state funds in FY 2005, FY 2006, and FY 2007.

PROPOSERS: Supporters say that the bill provides protections for both homeowners and homebuilders, gives builders a better method to serve their clients' needs, and provides both parties the opportunity to avoid litigation, thereby saving money.

Testifying for the bill were Senator Kinder; Homebuilders Association of Greater St. Louis; Homebuilders Association of Greater Kansas City; Homebuilders Association of Missouri; and Missouri Association of Realtors.

OPPOSERS: Those who oppose the bill say that it doesn't benefit homeowners or community associations. It only protects builders, and the required mediation can actually cost more than litigation.

Testifying against the bill were Community Associations Institute; Heritage Residence Association; Citizens for Responsible Community; and Carl Peterson.

OTHERS: Others testifying on the bill say that although they have been working with the industry on the bill, they have some concerns.

Others testifying on the bill was Missouri Association of Trial Attorneys.

Julie Jinkens McNitt, Legislative Analyst