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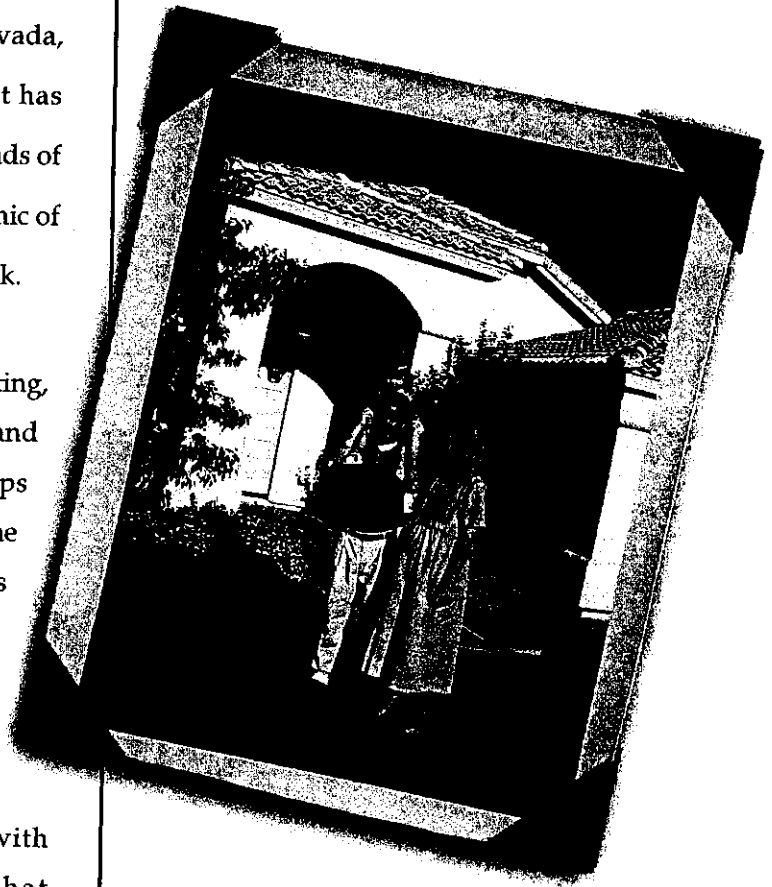
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# The American dream is almost American history.

**T**he dream of home ownership is uniquely American. In Nevada, a thriving housing market has made this dream a reality for thousands of families. But now an alarming epidemic of unnecessary litigation puts that at risk.

As a result, home prices are skyrocketing, construction companies are folding and workers are losing their jobs. Perhaps worst of all, these suits threaten the one segment of our economy that has stayed strong during uncertain economic times.

Fortunately, there is a solution. The construction industry is working with lawmakers to pass legislation that protects homeowners by allowing their problems to be fixed before lawsuits are filed. This keeps construction companies in business. It helps workers stay employed. And most of all, it preserves the right of Nevada's families to pursue the American dream.



**COALITION**  
FOR FAIRNESS IN CONSTRUCTION

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ASSEMBLY JUDICIARY

DATE: 5-8-03 ROOM 3138 EXHIBIT D

SUBMITTED BY: Steve Hill

D-1075

**Section-by-Section Summary**  
**Senate Bill No. 241**  
**(First Reprint)**

- Sections 1 through 22. Definitions

Note that Section 10 defines "construction defect" but the more important sections are 24 & 25 that identify responsibility for the defects.

- Section 23. Subsection 1. This act applies to claims that are first brought after the passage and approval of this act.

Subsection 2. This act controls over conflicting law.

Subsection 3. This act does not create new theories or bar old defenses.

Subsection 4. This act does not apply to personal injuries.

- Section 24. Contractors are responsible to make sure the house is functioning properly and meets the building code. They are also responsible for damage or diminution in value (See Section 49).
- Section 25. Contractors are not responsible for failure of the homeowner to maintain the house or mitigate the damage. They are not responsible for normal deterioration or settlement or expansion. They are not responsible for defects that have been disclosed to homebuyer before they purchase the house.
- Section 26. A homeowner must comply with this act before they can file suit against the contractors.
- Section 27. Requires the homeowner or the homeowners association to send a notice of the construction defect to the contractors they know about. The State Contractors' Board will create the standard form for homeowners to use. Subsection 3 gives the subcontractor the right to repair or complete his work. HOA'S must have a majority vote to put the HOA at risk.

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- Section 28. The claimant must allow the contractor access to inspect within sixty days of the notice.
- Section 29. Contractor has to notify the subs and allow them the right to repair.
- Section 30. Within 90 days of the notice from the homeowner, the contractors must indicate in writing whether they are going to repair or not. Those repairs have to be completed within 150 days of the homeowners notice.
- Section 31. Any party may ask the Contractors' Board to advise on the repairs.
- Section 31.5. Gives power to Contractor's Board to assess costs of giving advice.
- Section 32. The statutes of limitations are tolled during these proceedings to protect the rights of the homeowner.
- Section 33. Allows the contractor to file a claim with their insurer.
- Section 34. Early out provision allowing the contractor to resolve a particular defect claim with the homeowner.
- Section 35. Allows the homeowner to repair a defect that causes an "imminent threat" to their health and safety if the contractor doesn't repair as soon as practicable and sue the contractor for the expenses.
- Section 36. Allows 45 days for contractor to repair defects in houses less than one year old.
- Section 37. Requires mediation before the lawsuit is filed.

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- Section 38. Non-participating party to mediation pays for it. This section also allows for the appointment of a special master upon the commencement of a suit.
- Section 39. This requires a professional affidavit before a suit can be brought against a design professional.
- Section 40. Provides that master developer cannot be sued if he has given the name and address of the general contractor to the homeowner.
- Section 41. Deleted by amendment.
- Section 42. If a party seeks class action status, all members of the class must have sent a notice and allowed the right to repair the defect that will be the subject of the class action.
- Section 43. If a homeowner files a lawsuit over construction defects in their house, they must notify all persons who hold a security interest in their house.
- Section 44. The homeowner must pursue all warranties diligently.
- Section 45. Requires that the parties exchange warranty and insurance information if a lawsuit is filed.
- Section 46. After a lawsuit is filed, this section requires an early conference to organize the discovery.
- Section 47. Allows a judge to compel all appropriate parties to attend settlement conferences and allows the judge to penalize any party unprepared or who acts in less than good faith.
- Section 48. Allows the contractor to buy back the house to settle the claim.

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- Section 49. Sets the damages that can be recovered by a successful homeowner which includes the lesser of the cost of repairs or the diminution of the value of the house.
- Section 50. This section provides for attorneys fees to the prevailing party, indicates that to prevail one must beat the offer of the other party  
and sets the standards of review for reasonableness of the requested attorneys fees.
- Section 51. This section bars actions against local government until the lawsuit is over.
- Section 52. Requires that the homebuilder give the homebuyer a list of the subcontractors, a statement of homeowners' rights.
- Section 53. Requires the homeowner to notify subsequent purchasers of the defects he has alleged in a construction defect lawsuit to be in the house.
- Section 54. Transitional language for the effective date of this act.
- Section 55. Editing language that conforms NRS 113 regarding information on soils reports to the new act.
- Section 56. Gives the power to the Contractors' Board to perform the duties under this act.
- Section 57. Effective date of this act.

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