

ACT 676

AN ACT

To enact Chapter 6 of Code Title IV of Code Book III of Title 9 of the Louisiana Revised Statutes, to be comprised of R.S. 9:2789.1 through 2789.10, relative to conventional obligations; to provide for certain express and exclusive warranties by builders to new home purchasers; to define terms; to authorize and provide relative to insurance against certain defects; to provide for warranty periods and prescription; to provide for remedies for breach of warranty; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. Chapter 6 of Code Title IV of Code Book III of Title 9 of the Louisiana Revised Statutes of 1950, comprised of R.S. 9:2789.1 through 2789.10, is hereby enacted to read as follows:

CHAPTER 6. NEW HOME WARRANTY ACT

§2789.1. Purpose

The Legislature finds a need to promote commerce in Louisiana by providing clear, concise, and mandatory warranties for the purchasers and occupants of new homes in Louisiana and by providing for the use of home owners' insurance as additional protection for the public against defects in the construction of new homes. This need can be met by providing for uniform building standards in those parishes and municipalities that have not yet adopted building codes; by requiring that all new residential buildings comply with building standards; by adopting provisions that clearly state the scope and the time of warranties; by providing for insurance protecting home owners from breaches of warranty; and by making the required warranties mandatory in most cases.

§2789.2. Short title

This Chapter shall be known and may be cited as the "New Home Warranty Act."

§2789.3. Definitions

For purposes of this Chapter the following words, phrases, and terms shall be defined and construed as follows:

1. "Builder" means any person, corporation, partnership, or other entity which constructs a home, including a home occupied initially by its builder as his residence.
2. "Building standards" means the standards contained in the building code, mechanical-plumbing code, and electrical code in effect in the parish, city, or other local political subdivision where a home is to be located, at the time construction of that home is commenced, or, if the parish, city, or other local political subdivision has not adopted such codes, the Standard Building Code, together with any additional performance standards, if any, which the builder may undertake to be in compliance.
3. "Home" means any new structure designed and used only for residential use.
4. "Initial purchaser" means any person for whom a home is built or the first person to whom a home is sold upon completion of construction.
5. "Major structural defect" means any actual physical damage to the following designated load-bearing portions of a home caused by failure of the load-bearing portions which affects

their load-bearing functions to the extent the home becomes unsafe, unsanitary, or is otherwise unlivable:

- (a) foundation systems and footings
 - (b) beams
 - (c) girders
 - (d) lintels
 - (e) columns
 - (f) walls and partitions
 - (g) floor systems
 - (h) roof framing systems
- (6) "Owner" means the initial purchaser of a home and any of his successors in title to a home during the time the warranties provided under this Chapter are in effect.
- (7) "Warranty commencement date" means the date that legal title to a home is conveyed to its initial purchaser or the date the home is first occupied, whichever occurs first.

§2789.4. Warranties; exclusions

- A. Subject to the exclusions provided in R.S. 9:2789.4(B), every builder warrants the following to the owner:
- (1) One year following the warranty commencement date, the home will be free from any defect due to noncompliance with the building standards.
 - (2) Two years following the warranty commencement date, the plumbing, electrical, heating, cooling, and ventilating systems exclusive of any appliance, fixture, and equipment will be free from any defect due to noncompliance with the building standards.
 - (3) Ten years following the warranty commencement date, the home will be free from major structural defects due to noncompliance with the building standards.
- B. Unless the parties otherwise agree in writing, the builder's warranty shall exclude the following items:
- (1) Fences, landscaping, including, but not limited to, sodding, seeding, shrubs, trees, and plantings, as well as off-site improvements, all driveways and walkways, or any other improvement not a part of the home itself.
 - (2) After the first year, the concrete floor of a basement and the concrete floor of an attached garage that is built separate from a foundation wall or other structural element of the home.
 - (3) Damage to real property which is not part of the home covered by the warranty and which is not included in the purchase price of the home.
 - (4) Any damage to the extent it is caused or made worse by any of the following:
 - (a) Negligence, improper maintenance, or improper operation by anyone other than the builder or any employee, agent, or subcontractor of the builder.
 - (b) Failure by anyone other than the builder or any employee, agent, or subcontractor of the builder to comply with the warranty requirements of manufacturers of appliances, equipment, or fixtures.

- (c) Failure by the owner to give written notice by registered or certified mail to the builder of any defect within a reasonable time.
 - (d) Any change of the grading of the ground by anyone other than the builder, or any employee, agent, or subcontractor of the builder.
 - (e) Any change, alteration, or addition made to the home by anyone after the initial occupancy by the owner, except any change, alteration, or addition performed by the builder, or any employee, agent, or subcontractor of the builder.
 - (f) Dampness, condensation, or other damage due to the failure of the owner to maintain adequate ventilation or drainage.
- (5) Any loss or damage which the owner has not taken timely action to minimize.
 - (6) Any defect in, or any defect caused by, materials or work supplied by anyone other than the builder, or any employee, agent, or subcontractor of the builder.
 - (7) Normal wear and tear or nominal deterioration.
 - (8) Loss or damage which does not constitute a defect in the construction of the home by the builder, or any employee, agent, or subcontractor of the builder.
 - (9) Loss or damage resulting from war, accident, riot and civil commotion, water escape, falling objects, aircraft, vehicles, acts of God, lightning, windstorm, hail, flood, mudslide, earthquake, volcanic eruption, wind driven water, and changes in the level of the underground water table which are not reasonably foreseeable.
 - (10) Any damage caused by soil movement which is covered by other insurance.
 - (11) Insect damage.
 - (12) Any loss or damage which arises while the home is being used primarily for a nonresidential purpose.
 - (13) Any condition which does not result in actual physical damage to the home.
 - (14) Bodily injury or damage to personal property.
 - (15) Any cost of shelter, transportation, food, moving, storage, or other incidental expense related to relocation during repair.
 - (16) Any defect not reported in writing by registered or certified mail to the builder or insurance company, as appropriate, prior to the expiration of the period of coverage of that defect plus thirty days.
 - (17) Consequential damages.
 - (18) Any loss or damage to a home caused by soil conditions or soil movement if the home is constructed on land owned by the initial purchaser and the builder obtains a written waiver from the initial purchaser for any loss or damage caused by soil conditions or soil movement.

C. The provisions of R.S. 9:2789.4(A) establish minimum required warranties and shall not be waived by the owner or reduced by the builder provided the home is a single family dwelling to be occupied by an owner as his home.

§2789.5. Required notice

Before undertaking any repair himself or instituting any action for breach of warranty, the owner shall give the builder written notice, by registered or certified mail, advising him of an defects and giving

the builder a reasonable opportunity to comply with the provisions of this Chapter.

§2789.6. Prescription

Any action to enforce any warranty provided in this Chapter shall prescribe thirty days after the expiration of the appropriate time period provided in R.S. 9:2789.4.

§2789.7. Insurance

All or part of the builder's obligation under any warranty required in this Chapter may be insured by the builder for the benefit of the purchaser through an insurance company authorized to transact business in this state.

§2789.8. Transfer of warranty and insurance

Any warranty imposed under the provisions of this Chapter and any insurance benefit shall automatically transfer without charge, to a subsequent owner who acquires title to the home. Any transfer of the home shall not extend the duration of any warranty or insurance coverage.

§2789.9. Violations; limitations

- A. If a builder violates this Chapter by failing to perform as required by the warranties provided in this Chapter, any affected owner shall have a cause of action against the builder for actual damages, including attorney fees and court costs, arising out of the violation. The damages with respect to a single defect shall not exceed the reasonable cost of repair or replacement necessary to cure the defect and damages with respect to all defects in the home shall not exceed the original purchase price of the home.
- B. The parties may provide for the arbitration of any claim in dispute. Any arbitration shall comply with, and may be binding only to the extent provided in R.S. 9:4201 et seq.

§2789.10. Exclusiveness

This Chapter provides the exclusive remedies, warranties, and prescriptive periods as between builder and owner relative to home construction and no other provisions of law relative to warranties and redhibitory vices and defects shall apply. Nothing herein shall be construed as affecting or limiting any warranty of title to land or improvements.

*Approved by Governor: July 8, 1986
Published in the Official Journal of the State: August 12, 1986.*