
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 556 Session of
2005

INTRODUCED BY GREENLEAF, KITCHEN, COSTA, ERICKSON, LEMMOND,
TARTAGLIONE, WOZNIAK AND STACK, MARCH 31, 2005

REFERRED TO URBAN AFFAIRS AND HOUSING, MARCH 31, 2005

AN ACT

1 Providing for new home warranty programs; and imposing duties
2 upon the Department of Labor and Industry.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the New Home
7 Owners Protection Act.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall
10 have the meanings given to them in this section unless the
11 context clearly indicates otherwise:

12 "Builder." An individual corporation, partnership or other
13 business organization engaged in the construction of new homes.

14 "Department." The Department of Labor and Industry of the
15 Commonwealth.

16 "Major structural defects."

17 (1) Only actual physical damage to the following load-

1 bearing segments of the home and only such damage caused by
2 failure of such load-bearing segments which affect their
3 load-bearing functions to the extent that the home becomes
4 unsafe or unlivable:

5 (i) Columns.

6 (ii) Bearing walls and partitions.

7 (iii) Floor systems, structural slabs, joists and
8 trusses only.

9 (iv) Roof framing members and systems, rafters and
10 trusses only.

11 (v) Foundation systems and footings, which are an
12 integral part of the home and structurally attached.

13 (vi) Load-bearing beams.

14 (vii) Girders.

15 (viii) Lintels, other than lintels supporting
16 veneers.

17 (2) Examples of non load-bearing elements which are not
18 considered major structural segments include, but are not
19 limited to:

20 (i) Brick, stucco or stone veneer.

21 (ii) Finish flooring material and floor coverings.

22 (iii) Plaster, laths or drywall.

23 (iv) Wall tile or paper and other wall coverings.

24 (v) Nonload-bearing partitions and walls.

25 (vi) Doors, windows, trim, cabinets, hardware,
26 insulation, paint and stains.

27 (vii) Appliances, fixtures or items of equipment.

28 (viii) Heating, cooling, ventilating, plumbing,
29 electrical and mechanical systems.

30 (ix) Roof shingles, tar paper, all sheathing and

1 other surfacing material.

2 (x) Any type of exterior siding.

3 (xi) Concrete floors.

4 (xii) Decks and porches not integral to the
5 structure of the home.

6 "New home." A dwelling unit not previously occupied,
7 excluding a dwelling unit constructed solely for lease.

8 "New home warranty" or "warranty." A warranty that meets or
9 exceeds the requirements of this act.

10 "New home warranty date." The first occupation or settlement
11 date, whichever is sooner.

12 "Owner." A person for whom a new home is built, or to whom a
13 new home is sold, for occupation by him or his family as a home
14 and his successors in title to the home or mortgagee in
15 possession. The term does not include a development company,
16 association or subsidiary company of the builder or a person or
17 organization to whom a new home may be sold or otherwise
18 conveyed by the builder for subsequent resale, letting or other
19 purpose.

20 "Warranty provider." The private warranty company or
21 provider of the warranty which meets or exceeds the standards
22 set forth herein and whose warranty is insured by an insurance
23 company licensed in this Commonwealth.

24 Section 3. New home warranty requirements.

25 (a) Requirements.--A builder of a new home shall provide the
26 owner with a new home warranty on the home through an approved
27 warranty provider.

28 (b) Time periods.--The time periods of warranties
29 established pursuant to this act are as follows:

30 (1) One year from and after the warranty date, the

dwelling shall be free from defects caused by faulty workmanship and defective materials.

(2) Two years from and after the warranty date, the dwelling shall be free from defects caused by faulty installation of plumbing, electrical, heating and cooling delivery systems. However, in the case of appliances, no warranty shall exceed the length and scope of the warranty offered by the manufacturer.

(3) Ten years from and after the warranty date, the dwelling shall be free from major structural defects.

Section 4. Liability.

(a) General rule.--A builder of a new home shall be liable to any owner during the time period when the new home warranty, required by this act, is applicable to the home for any defect therein which is covered by the warranty in accordance with its terms and conditions.

(b) Scope of liability.--The liability of a builder under the new home warranty shall be limited to the original purchase price of the home.

Section 5. Warranty providers.

(a) Requirements.--

(1) The department shall review and approve new home warranty providers which provide for resolution of defects covered under the new home warranty and who will be responsible to correct or pay the reasonable cost to correct defects in the event of builder default.

(2) Any new home warranty provider approved by the department shall:

(i) Meet the warranty time periods listed in section

3(b) (relating to new home warranty requirements).

1 (ii) Provide to new home owners coverage through a
2 warranty that is approved by the department and insured
3 by an insurance company licensed in this Commonwealth.

4 (iii) Provide to new home owners a streamlined
5 complaint resolution process.

6 (iv) Provide transferability of the warranty to the
7 next owner of the home.

8 (b) Approval by department.--

9 (1) Any person desiring approval of a new home warranty
10 provider shall make application to the department in the form
11 and manner prescribed by the department.

12 (2) The department may establish and charge reasonable
13 fees to cover the costs incurred in reviewing and approving
14 the applications.

15 (3) The department shall review each application and
16 conduct any investigation deemed necessary with respect to an
17 application. The department may and, if an applicant so
18 requests, shall hold a hearing on an application in
19 accordance with 2 Pa.C.S. (relating to administrative law and
20 procedure). Any new home warranty provider shall be regulated
21 by the department. A new home warranty shall not be
22 considered a contract of insurance and shall not be regulated
23 by the Insurance Department.

24 Section 6. Rules and regulations.

25 The department shall promulgate rules and regulations as may
26 be necessary to carry out this act.

27 Section 7. Supersedure of municipal ordinances or regulation.

28 This act shall supersede any municipal ordinance or
29 regulation which provides for the protection by bonds or
30 warranties required to be supplied by builders, exclusive of

1 those required by water, sewer, utilities or land-use
2 requirements.

3 Section 8. Applicability.

4 This act shall apply to all new homes where construction is
5 commenced on or after the effective date of this act.

6 Section 9. Effective date.

7 This act shall take effect in 60 days.