

MINUTES OF THE HOUSE BUSINESS, COMMERCE AND LABOR COMMITTEE.

The meeting was called to order by Chairperson Al Lane at 9:10 a.m. on February 21, 2002 in Room 521-S of the Capitol.

All members were present except: Rep. John Ballou - excused

Committee staff present: Jerry Donaldson, Legislative Research
Renae Jeffries, Revisor of Statutes
Bev Adams, Secretary

Conferees appearing before the committee: Rep. Ray Merrick
Nancy Seats, HADD
Julia Barton, Homeowner/Victim
Don Welsh, Acro Home Buyer Service
Carolyn Hall, Homeowner/Victim
Zula Crutchfield, Homeowner/Victim
Dave Holtwick, Homebuilders of Greater Kansas City
Wes Galyon, Wichita Area Builders Assn.

Others attending: See attached list

Hearing on: HB 2835 - Home Owner Warranty act.

Rep. Ray Merrick appeared before the committee in favor of the bill. It was requested by several of his constituents. The act would create statutory warranties for home buyers and homeowners and also prevents home solicitors from engaging in certain deceptive practices. He stated that 99% of builders are okay. (Attachment 1) He answered many questions from the committee.

Jerry Donaldson, Research, will bring back to the committee the Interim Study done several years ago.

Nancy Seats, President of Homeowners Against Deficient Dwellings (HADD), appeared supporting the bill. HADD is a not for profit organization registered in the State of Kansas. Their mission and goals are to educate the public so that they will not be HADD when purchasing a new home, and to assist to the best of their ability those who have been HADD. She showed a video which has been shown on Channel 4 in Kansas City showing the home of Julia Barton. Ms. Seats stated that a certain builder in the Kansas City area gives a warranty on his homes, but no homeowners who have complained have had work done or it was just a cosmetic fix. (Attachment 2) She concluded her testimony by answering questions.

Julia Barton, Homeowner/Victim, appeared to tell us about her bad home. She is just one of thousands who have had problems. She asks for things to be fixed and gets the answer that the builder will get to it. Her one year warranty will soon be up and she is still waiting.

Don Welsh, Owner/Broker of the Buyer's Agents, Acro Home Buyer Service, stated that most new homes have a one year warranty, but with the builder only. These warranties are only as good as the builder. When looking at a model home, people need to know that the real estate agent selling the homes represents the builder. A home buyer should have their own agent for their protection. (Attachment 3)

Carolyn Hall, Homeowner/Victim, was a consumer representative and served on a Task Force which met several years ago. Nothing much has happened since the task force met. New home builders do not have crews to perform warranty work. She feels that the bill is a good start to cure the problem.

Zula Crutchfield, Homeowner/Victim, hired a remodeling firm to finish her basement. She said just because one is educated or an informed consumer does not mean he/she can't be deceived by a remodeling contractor. She has filed a suit against him, and found out there are over 25 court petitions filed against him. She had to hire another contractor to finish the work after she had paid the first one over \$9,000 of the \$13,078.84 estimate. Her ending cost on the job was \$30,000. (Attachment 4)

CONTINUATION SHEET

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Dave Holtwick, Director for Kansas Governmental Affairs for the Homebuilders of Greater Kansas City, appeared as an opponent of the bill. Their association represents approximately 1,000 businesses in the Kansas City area engaged in the home building industry. He feels that the bill is poorly drafted and confusing. Recently, Johnson County implemented a "Contractor Licensing Program" that set guidelines for all commercial and residential builders, as well as electricians, plumbers and HVAC contractors. This program provides a means for local building code officials to discipline problem contractors that they did not have before. (Attachment 5)

Wes Galyon, President/CEO of Wichita Area Builders Association, appeared as an opponent of the bill. They are a not-for-profit trade association affiliated with the National Association of Home Builders, and the Kansas Building Industry Association. They believe the bill is not needed in view of the fact that there is already offered in the market place a number of comprehensive warranties available for use by builders and remodelers in Kansas, and otherwise available to consumers. (Attachment 6)

Chairman Lane announced that the hearing on **HB 2835** would continue tomorrow, February 22, at 9:00 a.m.

The meeting was adjourned at 10:52 a.m.