

ASSEMBLY BILL NO. 440—COMMITTEE ON JUDICIARY

MARCH 25, 2019

Referred to Committee on Judiciary

SUMMARY—Revises provisions relating to home warranties.
(BDR 3-1108)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to real property; requiring a contractor who builds a new residence to provide to the purchaser of the residence a new home warranty that meets certain criteria; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 **Section 1** of this bill requires a contractor who builds a new residence to
2 provide to the purchaser of a new residence a new home warranty that meets certain
3 criteria. **Sections 2-4** of this bill make conforming changes.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 40 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 *1. A contractor who completes construction of a new*
4 *residence shall provide to the purchaser of the residence a new*
5 *home warranty that meets the requirements of this section.*

6 *2. A new home warranty provided by a contractor pursuant to*
7 *this section must:*

8 *(a) Be valid for a period of at least 1 year after the date of final*
9 *completion of construction of the residence.*

10 *(b) Offer coverage for all:*

11 *(1) Defective systems, workmanship, materials, plumbing,*
12 *electrical and mechanical systems, appliances, fixtures and*
13 *equipment; and*



(2) *Structural defects.*

3. A contractor who constructs a new residence remains liable to the purchaser of a residence to perform all necessary repairs and corrections to the residence in accordance with the terms of the contract until coverage under the new home warranty begins upon final completion of construction.

4. As used in this section, "final completion of construction" means the purchaser of the residence has notified the contractor, in writing, that:

(a) There are no items in the residence to be repaired or corrected; or

(b) If the purchaser has provided to the contractor a list or description of all items in the residence to be repaired or corrected, often referred to as a punch list, all items on the list have been repaired or corrected to the satisfaction of the purchaser.

Sec. 2. NRS 40.600 is hereby amended to read as follows:

40.600 As used in NRS 40.600 to 40.695, inclusive, *and section 1 of this act*, unless the context otherwise requires, the words and terms defined in NRS 40.603 to 40.634, inclusive, have the meanings ascribed to them in those sections.

Sec. 3. NRS 40.625 is hereby amended to read as follows:

40.625 "Homeowner's warranty" means a warranty or policy of insurance:

1. Issued or purchased by or on behalf of a contractor for the protection of a claimant *H*, *including, without limitation, a new home warranty provided pursuant to section 1 of this act*; or

2. Purchased by or on behalf of a claimant pursuant to NRS 690B.100 to 690B.180, inclusive.

➔ The term includes a warranty contract issued by a risk retention group that operates in compliance with chapter 695E of NRS and insures all or any part of the liability of a contractor for the cost to repair a constructional defect in a residence.

Sec. 4. NRS 40.635 is hereby amended to read as follows:

40.635 NRS 40.600 to 40.695, inclusive *H*, *and section 1 of this act*:

1. Apply to any claim that arises before, on or after July 1, 1995, as the result of a constructional defect, except a claim for personal injury or wrongful death, if the claim is the subject of an action commenced on or after July 1, 1995.

2. Prevail over any conflicting law otherwise applicable to the claim or cause of action.

3. Do not bar or limit any defense otherwise available, except as otherwise provided in those sections.



- 1 4. Do not create a new theory upon which liability may be
2 based, except as otherwise provided in those sections.

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