HB 1899, Engrossed 1

1

A bill to be entitled

2004

2 An act relating to construction defects; amending s. 558.001, F.S.; revising legislative findings and 3 declarations; amending s. 558.002, F.S.; revising 4 5 definitions; amending s. 558.003, F.S.; providing б requirements for filing actions alleging construction 7 defects; requiring abatement, upon timely motion, of 8 certain actions filed that do not comply with certain 9 requirements; amending s. 558.004, F.S.; revising requirements, procedures, criteria, and limitations in 10 11 provisions relating to notice and opportunity to repair 12 construction defects in certain structures; providing 13 requirements and procedures for making, accepting, or 14 rejecting settlement offers; providing for consequences of 15 certain actions relating to settlement offers; specifying legal obligation to make certain repairs or monetary 16 17 payments under certain circumstances; providing a mutual 18 duty to exchange certain discoverable evidence; providing requirements and limitations; amending s. 558.005, F.S.; 19 20 revising certain contract content provisions; providing a notice form; providing application; providing 21 22 severability; providing an effective date. 23 24 Be It Enacted by the Legislature of the State of Florida: 25 Section 1. Section 558.001, Florida Statutes, is amended 26 27 to read: 558.001 Legislative findings and declaration.--The 2.8 29 Legislature finds that it is beneficial to have an alternative

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	method to resolve construction disputes that would reduce the
31	need for litigation as well as protect the rights of homeowners.
32	An effective alternative dispute resolution mechanism in certain
33	construction defect matters should involve the claimant filing a
34	notice of claim with the contractor, subcontractor, supplier, or
35	design professional that the claimant asserts is responsible for
36	the defect, and should provide the contractor, subcontractor,
37	supplier, or design professional with an opportunity to resolve
38	the claim without resort to further legal process.
39	Section 2. Section 558.002, Florida Statutes, is amended
40	to read:
41	558.002 DefinitionsAs used in this <u>chapter</u> act , the
42	term:
43	(1) "Action" means any civil action or arbitration
44	proceeding for damages or indemnity asserting a claim for damage
45	to or loss of a dwelling or personal property caused by an
46	alleged construction defect, but does not include any
47	administrative action or any civil action or arbitration
48	proceeding asserting a claim for alleged personal injuries
49	arising out of an alleged construction defect.
50	(2) "Association" has the same meaning as in s.
51	718.103(2), s. 719.103(2), s. 720.301(7), or s. 723.025.
52	(3) "Claimant" means a homeowner, including a subsequent
53	purchaser , tenant, or association, who asserts a claim <u>for</u>
54	damages against a contractor, subcontractor, supplier, or design
55	professional concerning a construction defect or a subsequent
56	owner who asserts a claim for indemnification for such damages.
57	The term does not include a contractor, subcontractor, supplier,
58	or design professional.
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59	(4) "Construction defect" means a deficiency in, or a
60	deficiency arising out of, the design, specifications,
61	surveying, planning, supervision, observation of construction,
62	or construction, repair, alteration, or remodeling of a
63	dwelling, any appurtenance to the dwelling, or the real property
64	to which the dwelling or appurtenance is affixed resulting from:
65	(a) Defective material, products, or components used in
66	the construction or remodeling;
67	(b) A violation of the applicable codes in effect at the
68	time of construction or remodeling which gives rise to a cause
69	of action pursuant to s. 553.84;
70	(c) A failure of the design of a dwelling to meet the
71	applicable professional standards of care at the time of
72	governmental approval; or
73	(d) A failure to construct or remodel a dwelling in
74	accordance with accepted trade standards for good and
75	workmanlike construction at the time of construction.
76	(5) "Contractor" means any person, as defined in s. 1.01,
77	firm, partnership, corporation, association, or other
78	organization that is legally engaged in the business of
79	designing, developing, constructing, manufacturing, <u>repairing</u>
80	selling, or remodeling dwellings or attachments thereto.
81	(6) "Design professional" means a person, as defined in s.
82	1.01, licensed in this state as an architect, interior designer,
83	landscape architect, engineer, or surveyor.
84	(7) "Dwelling" means a single-family house, manufactured
85	or modular home, duplex, <u>triplex, quadruplex,</u> or <u>other</u>
86	multifamily unit in a multifamily residential building designed
87	for residential use <u>in which title to each individual unit is</u>
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88	transferred to the owner under a condominium or cooperative
89	system and includes common areas and improvements that are owned
90	or maintained by an association or by members of an association,
91	and <u>also</u> includes the systems, other components, and
92	improvements, and other structures or facilities, including, but
93	not limited to, recreational structures or facilities, that are
94	appurtenant to and located on the real property on which the
95	house, duplex, triplex, quadruplex, or other multifamily unit is
96	located, but are not necessarily part of the structure at the
97	time of completion of construction.
98	(8) "Service" means personal service or delivery by
99	certified mail, return receipt requested, to the last known
100	address of the addressee.
101	(9) "Subcontractor" means a person, as defined in s. 1.01,
102	who is a contractor who performs labor and supplies material
103	work on behalf of another contractor in the construction or
104	remodeling of a dwelling.
105	(10) "Supplier" means a person <u>, as defined in s. 1.01,</u> who
106	provides <u>only</u> materials, equipment, or other supplies for the
107	construction or remodeling of a dwelling.
108	Section 3. Section 558.003, Florida Statutes, is amended
109	to read:
110	558.003 Action; <u>compliance</u> abatement If A claimant <u>may</u>
111	not file files an action subject to this chapter without first
112	complying with the requirements of this <u>chapter. If a claimant</u>
113	files an action alleging a construction defect without first
114	complying with the requirements of this chapter act, on timely
115	motion by a party to the action the court shall abate the

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116 action, without prejudice, and the action may not proceed until 117 the claimant has complied with such requirements.

Section 4. Section 558.004, Florida Statutes, is amended to read:

120

558.004 Notice and opportunity to repair. --

121 (1)In actions brought alleging a against a contractor, 122 subcontractor, supplier, or design professional related to an alleged construction defect, the claimant shall, at least no 123 124 later than 60 days before filing an action involving a singlefamily home, an association representing 20 or fewer residential 125 126 parcels, a manufactured or modular home, a duplex, a triplex, or 127 a quadruplex, or at least 120 days before filing an action 128 involving an association representing more than 20 residential 129 parcel owners, serve written notice of claim on the contractor, 130 subcontractor, supplier, or design professional, as applicable, which notice shall refer to this chapter. If the construction 131 defect claim arises from work performed under a contract, the 132 written notice of claim must be served on the person with whom 133 the claimant contracted. The notice of claim must describe the 134 135 claim in reasonable detail sufficient to determine the general nature of each alleged construction defect and a description of 136 137 the damage or loss resulting from the defect, if known. The claimant shall endeavor to serve the notice of claim within 15 138 days after discovery of an alleged defect, but the failure to 139 serve notice of claim within 15 days does not bar the filing of 140 an action, subject to s. 558.003. This subsection does not 141 142 preclude a claimant from filing an action sooner than 60 days, 143 or 120 days as applicable, after service of written notice as 144 expressly provided in subsection (6), subsection (7), or

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145	subsection	(8).

146 (2) Within 30 5 business days after receipt service of the 147 notice of claim, the contractor, subcontractor, supplier, or design professional may inspect involving a single-family home, 148 149 an association representing 20 or fewer residential parcels, a 150 manufactured or modular home, a duplex, a triplex, or a 151 quadruplex, or within 50 days after receipt of the notice of 152 claim involving an association representing more than 20 153 residential parcels, the person receiving the notice of claim 154 under subsection (1) is entitled to perform a reasonable 155 inspection of the dwelling or of each unit subject to the claim 156 to assess each alleged construction defect. An association's 157 right to access property for either maintenance or repair 158 includes the authority to grant access for the inspection. The claimant shall provide the person receiving the notice under 159 160 subsection (1) and such person's contractor, subcontractor, 161 supplier, or design professional and its contractors or agents 162 reasonable access to the dwelling during normal working hours to inspect the dwelling to determine the nature and cause of each 163 164 alleged construction defect and the nature and extent of any 165 repairs or replacements necessary to remedy each defect. The 166 person receiving notice under subsection (1) shall reasonably coordinate the timing and manner of any and all inspections with 167 168 the claimant to minimize the number of inspections. The 169 inspection may include destructive testing by mutual agreement 170 under the following reasonable terms and conditions: 171 (a) If the person receiving notice under subsection (1)

172 173

the nature and cause of the alleged defects, such person shall

determines that destructive testing is necessary to determine

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174	notify the claimant in writing.
175	(b) The notice shall describe the destructive testing to
176	be performed, the person selected to do the testing, the
177	estimated anticipated damage and repairs to the dwelling
178	resulting from the testing, the estimated amount of time
179	necessary for the testing and to complete the repairs, and the
180	financial responsibility offered for covering the costs of
181	repairs.
182	(c) If the claimant promptly objects to the person
183	selected to perform the destructive testing, the person
184	receiving notice under subsection (1) shall provide the
185	claimant with a list of three qualified persons from which the
186	claimant may select one such person to perform the testing. The
187	person selected to perform the testing shall operate as an
188	agent or subcontractor of the person receiving notice under
189	subsection (1) and shall communicate with, submit any reports
190	to and be solely responsible to the person receiving notice.
191	(d) The testing shall be done at a mutually agreeable
192	time.
193	(e) The claimant or a representative of the claimant may
194	be present to observe the destructive testing.
195	(f) The destructive testing shall not render the
196	dwelling uninhabitable.
197	
198	In the event the claimant fails or refuses to agree to
199	destructive testing, the claimant shall have no claim for
200	damages which could have been avoided or mitigated had
201	destructive testing been allowed when requested and had a
202	feasible remedy been promptly implemented Prior to
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203	performing any destructive testing, the person who desires to
204	perform the testing shall notify the claimant in writing of the
205	type of testing to be performed, the anticipated damage to the
206	dwelling which will be caused by the testing, and the
207	anticipated repairs that will be necessary to repair any damage
208	caused by the testing. The person performing the testing is
209	responsible for repairing any damage to the dwelling caused by
210	the testing.
211	(3) Within 10 days after <u>receipt</u> service of the notice of
212	claim involving a single-family home, an association
213	representing 20 or fewer residential parcels, a manufactured or
214	modular home, a duplex, a triplex, or a quadruplex, or within 30
215	days after receipt of the notice of claim involving an
216	association representing more than 20 residential parcels, the
217	person receiving the notice under subsection (1) may contractor,
218	subcontractor, supplier, and design professional must forward a
219	copy of the notice of claim to each <u>contractor,</u> subcontractor,
220	supplier, or design professional whom it reasonably believes is
221	responsible for each defect specified in the notice of claim and
222	shall note the specific defect for which it believes the
223	particular <u>contractor,</u> subcontractor, supplier, or design
224	professional is responsible. Each such contractor,
225	subcontractor, supplier, and design professional may inspect the
226	dwelling as provided in subsection (2) within 5 business days
227	after receiving a copy of the notice.
228	(4) Within <u>15</u> 5 business days after receiving a copy of
229	the notice of claim pursuant to subsection (3) involving a
230	single-family home, an association representing 20 or fewer
231	residential parcels, a manufactured or modular home, a duplex, a
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HB 1899, Engrossed 1 2004 232 triplex, or a quadruplex, or within 30 days after receipt of the 233 copy of the notice of claim involving an association 234 representing more than 20 residential parcels, the contractor, 235 subcontractor, supplier, or design professional must serve a 236 written response to the person contractor, subcontractor, supplier, or design professional who forwarded served a copy of 237 238 the notice of claim. The written response shall include a 239 report, if any, of the scope of any inspection of the dwelling, the findings and results of the inspection, a statement of 240 whether the contractor, subcontractor, supplier, or design 241 professional is willing to make repairs to the dwelling or 242 whether such he or she disputes the claim is disputed, a 243 244 description of any repairs they are he or she is willing to make 245 to remedy the alleged construction defect, and a timetable for 246 the completion of such repairs.

247 Within 45 25 days after receiving the notice of claim (5) 248 involving a single-family home, an association representing 20 249 or fewer residential parcels, a manufactured or modular home, a duplex, a triplex, or a quadruplex, or within 75 days after 250 251 receipt of a copy of the notice of claim involving an 252 association representing more than 20 residential parcels, the 253 person who received notice under subsection (1) each contractor, 254 subcontractor, supplier, or design professional must serve a 255 written response to the claimant. The response shall be served 256 to the attention of the person who signed the notice of claim, 257 unless otherwise designated in the notice of claim. The written 258 response must provide:

(a) A written offer to remedy the alleged construction
defect at no cost to the claimant, including a report of the

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261	HB 1899, Engrossed 1 scope of the inspection, the findings and results of the
262	inspection, a detailed description of the proposed repairs
263	necessary to remedy the defect, and a timetable for the
264	completion of such repairs;
265	(b) A written offer to compromise and settle the claim by
266	monetary payment and a timetable for making payment to be paid
267	within 30 days after the claimant's acceptance of the offer; or
268	(c) A written offer to compromise and settle the claim by
269	a combination of repairs and monetary payment, including a
270	detailed description of the proposed repairs and a timetable for
271	the completion of such repairs and making payment; or
272	(d) A written statement that the person contractor,
273	
274	claim and will not remedy the defect or compromise and settle
275	the claim.
276	(6) If the contractor, subcontractor, supplier, or design
277	professional offers to remedy the alleged construction defect or
278	compromise and settle the claim by monetary payment, the written
279	response must contain a statement that the claimant shall be
280	deemed to have accepted the offer if, within 15 days, or 45 days
281	for an association, after service to the written response, the
282	claimant does not serve a written rejection of the offer on the
283	contractor, subcontractor, supplier, or design professional.
284	(6) (7) If the person receiving a notice of claim pursuant
285	to subsection (1) contractor, subcontractor, supplier, or design
286	professional disputes the claim and will neither remedy the
287	defect nor compromise and settle the claim, or does not respond
288	to the claimant's notice of claim within the time provided in
289	subsection (5), the claimant may, without further notice,

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HB 1899, Engrossed 1 2004 290 proceed with an action against that person the contractor, 291 subcontractor, supplier, or design professional for the claim 292 described in the notice of claim. Nothing in this chapter shall 293 be construed to preclude a partial settlement or compromise of 294 the claim as agreed to by the parties and, in that event, the 295 claimant may, without further notice, proceed with an action on 296 the unresolved portions of the claim.

297 (7) (8) A claimant who receives rejects a timely settlement 298 offer must accept or reject the offer made by serving the 299 contractor, subcontractor, supplier, or design professional must 300 serve written notice of such acceptance or rejection on the 301 person making the offer contractor, subcontractor, supplier, or design professional within 15 days, or 45 days for an 302 303 association, after receiving service of the settlement offer. If 304 a claimant initiates an action without first accepting or 305 rejecting the offer, the court shall abate the action upon timely motion until the claimant complies with this subsection. 306 307 The claimant's rejection must contain the settlement offer with 308 the word "rejected" printed on it. After service of the 309 rejection, the claimant may proceed with an action against the contractor, subcontractor, supplier, or design professional for 310 the claims in the notice of claim without further notice. 311 312 (8) (9) If the claimant timely and properly accepts the

offer <u>to repair an alleged construction defect</u>, the claimant shall provide the offeror and the offeror's agents reasonable access to the claimant's dwelling during normal working hours to perform the repair by the agreed-upon timetable as stated in the offer. If the offeror of a contractor, subcontractor, supplier, or design professional and the contractor, subcontractor,

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HB 1899, Engrossed 1 2004 319 supplier, or design professional does not make the payment or 320 repair the defect within the agreed time and in the agreed manner, except for reasonable delays beyond the control of the 321 322 offeror, including, but not limited to, weather conditions, delivery of materials, claimant's actions, or issuance of any 323 required permits, the claimant may, without further notice, 324 325 proceed with an action against the offeror based upon 326 contractor, subcontractor, supplier, or design professional for 327 the claim in the notice of claim. If the offeror a claimant 328 accepts a contractor's, subcontractor's, supplier's, or design 329 professional's offer and the contractor, subcontractor, 330 supplier, or design professional makes payment or repairs the 331 defect within the agreed time and in the agreed manner, the 332 claimant is barred from proceeding with an action against the 333 contractor, subcontractor, supplier, or design professional for 334 the claim described in the notice of claim or as otherwise 335 provided in the accepted settlement offer.

(10) If the claimant accepts the offer of a contractor, subcontractor, supplier, or design professional to repair an alleged construction defect, the claimant shall provide the contractor, subcontractor, supplier, or design professional and its contractors or other agents reasonable access to the claimant's dwelling during normal working hours to perform the repair by the agreed-upon timetable as stated in the offer.

343 <u>(9)(11)</u> The failure of a claimant or a contractor, 344 subcontractor, supplier, or design professional to follow the 345 procedures in this section is admissible in an action. However, 346 This section does not prohibit or limit the claimant from making 347 any necessary emergency repairs to the dwelling <u>as are required</u>

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348	to protect the health, safety, and welfare of the claimant. In
349	addition, <u>any</u> the offer of a contractor, subcontractor,
350	supplier, or design professional to remedy an alleged
351	construction defect or to compromise and settle the claim by
352	monetary payment does not constitute an admission of liability
353	with respect to the defect and is not admissible in an action to
354	show the existence of a defect.
355	(10) (12) A claimant's <u>mailing of the</u> written notice of
356	claim under subsection (1) tolls the applicable statute of
357	limitations relating to any person covered by this chapter and
358	any bond surety until the later of:
359	(a) <u>Ninety</u> Sixty days <u>, or 120 days, as applicable,</u> after
360	receipt of the contractor, subcontractor, supplier, or design
361	professional receives the notice of claim pursuant to subsection
362	<u>(1)</u> ; or
363	(b) Thirty days after the end of the repair period <u>or</u>
364	payment period stated in the offer, if the claimant has accepted
365	the offer. By stipulation of the parties, the period may be
366	extended and the statute of limitations is tolled during the

368 (11) (13) The procedures in this chapter section apply to 369 each alleged construction defect. However, a claimant may 370 include multiple defects in one notice of claim. The initial 371 list of construction defects may be amended by the claimant to 372 identify additional or new construction defects as they become 373 known to the claimant. The court shall allow the action to 374 proceed to trial only as to alleged construction defects that 375 were noticed and for which the claimant has complied with this 376 chapter and as to construction defects reasonably related to, or

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CODING: Words stricken are deletions; words underlined are additions.

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extension.

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HB 1899, Engrossed 1 2004 377 caused by, the construction defects previously noticed. Nothing 378 in this subsection shall preclude subsequent or further actions. 379 (12)(14) This chapter does Sections 558.001-558.003 of 380 this act do not: 381 Bar or limit any rights, including the right of (a) specific performance to the extent such right would be available 382 383 in the absence of this act, any causes of action, or any theories on which liability may be based, except as specifically 384 385 provided in this chapter act; 386 (b) Bar or limit any defense, or create any new defense, 387 except as specifically provided in this chapter act; or Create any new rights, causes of action, or theories 388 (C) 389 on which liability may be based. 390 (13) The person receiving notice of claim under subsection 391 (1) shall be deemed, for insurance purposes, to have been 392 legally obligated to make the repairs or the monetary payment as 393 if the claimant had recovered a judgment against such person in 394 the amount of the cost of the repairs, and the amount of the 395 monetary payment, if any, if the claimant has accepted the 396 offer. 397 (14) (14) (15) To the extent that an arbitration clause in a 398 contract for the sale, design, construction, or remodeling of a 399 dwelling conflicts with this section, this section shall 400 control. 401 (15) Upon request, the claimant and the person receiving notice pursuant to subsection (1) shall have a mutual duty to 402 403 exchange all available discoverable evidence relating to the 404 construction defects, including, but not limited to, expert 405 reports, photographs, information received pursuant to Page 14 of 17

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40 c l	HB 1899, Engrossed 1 2004
406	subsection (4), and videotapes, if any. In the event of
407	subsequent litigation, any party who failed to provide such
408	evidence shall be subject to such sanctions as the court may
409	impose for a discovery violation. Expert reports exchanged
410	between the parties may not be used in any subsequent litigation
411	for any purpose, unless the expert, or a person affiliated with
412	the expert, testifies as a witness or the report is used or
413	relied upon by an expert who testifies on behalf of the party
414	for whom the report was prepared.
415	Section 5. Section 558.005, Florida Statutes, is amended
416	to read:
417	558.005 Contract of sale; provisions; application
418	(1) Except as otherwise provided in subsections (3) and
419	(4), the provisions of this chapter shall control every contract
420	for the design, construction, or remodeling of a dwelling
421	entered into on or after July 1, 2004, which contains the notice
422	as set forth in subsection (2) and is conspicuously set forth in
423	<u>capitalized letters</u> Upon entering into a contract for the sale,
424	design, construction, or remodeling of a dwelling, the
425	contractor, subcontractor, supplier, or design professional
426	shall provide notice to the owner of the dwelling of the
427	contractor's, subcontractor's, supplier's, or design
428	professional's right to offer to cure construction defects or
429	pay to settle alleged construction defects before a claimant may
430	commence an action against the contractor, subcontractor,
431	supplier, or design professional. Such notice must be
432	conspicuous and may be included as part of the contract.
433	(2) The notice required by subsection (1) must be in
434	substantially the following form:

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436 CHAPTER 558 NOTICE OF CLAIM 437 CHAPTER 558, FLORIDA STATUTES LAW CONTAINS IMPORTANT 438 REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY BRING ANY LEGAL 439 ACTION FILE A LAWSUIT FOR DEFECTIVE CONSTRUCTION AGAINST A 440 CONTRACTOR, SUBCONTRACTOR, SUPPLIER, OR DESIGN PROFESSIONAL FOR 441 AN ALLEGED CONSTRUCTION DEFECT IN YOUR HOME. SIXTY DAYS BEFORE 442 YOU BRING ANY LEGAL ACTION FILE YOUR LAWSUIT, YOU MUST DELIVER 443 TO THE OTHER PARTY TO THIS CONTRACT CONTRACTOR, SUBCONTRACTOR, 444 SUPPLIER, OR DESIGN PROFESSIONAL A WRITTEN NOTICE REFERRING TO 445 CHAPTER 558 OF ANY CONSTRUCTION CONDITIONS YOU ALLEGE ARE 446 DEFECTIVE AND PROVIDE SUCH PERSON YOUR CONTRACTOR AND ANY 447 SUBCONTRACTORS, SUPPLIERS, OR DESIGN PROFESSIONALS THE 448 OPPORTUNITY TO INSPECT THE ALLEGED CONSTRUCTION DEFECTS AND TO 449 CONSIDER MAKING MAKE AN OFFER TO REPAIR OR PAY FOR THE ALLEGED 450 CONSTRUCTION DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER 451 WHICH MAY BE MADE BY THE CONTRACTOR OR ANY SUBCONTRACTORS, 452 SUPPLIERS, OR DESIGN PROFESSIONALS. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER THIS FLORIDA LAW WHICH MUST BE MET AND 453 454 FOLLOWED TO PROTECT YOUR INTERESTS. 455 (3) After receipt of the initial notice of claim, a 456 claimant and the person receiving notice under s. 558.004(1) 457 may, by written mutual agreement, alter the procedure for the 458 notice of claim process described in this chapter. 459 This chapter applies to all actions accruing on or (4) 460 after July 1, 2004, and all actions commenced on or after such

461 <u>date, regardless of the date of sale, issuance of a certificate</u>
 462 <u>of occupancy or its equivalent, or substantial completion of the</u>
 463 dwelling. Notwithstanding the notice requirements of this

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464	HB 1899, Engrossed 1 2004 section for contracts entered into on or after July 1, 2004,
465	this chapter applies to all actions accruing before July 1,
466	2004, but not yet commenced as of July 1, 2004, and failure to
467	include the notice requirements of this section in a contract
468	entered into prior to July 1, 2004, does not operate to bar the
469	procedures of this chapter from applying to all such actions.
470	Section 6. If any provision of this act or the application
471	thereof to any person or circumstance is held invalid, the
472	invalidity does not affect other provisions or applications of
473	this act which can be given effect without the invalid provision
474	or application, and to this end the provisions of this act are
475	declared severable.
476	Section 7. This act shall take effect July 1, 2004.

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