

By the Committee on Banking and Insurance; and Senator Burgess

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1 A bill to be entitled
2 An act relating to home warranty transfers; amending
3 s. 634.312, F.S.; providing a limitation on the
4 application of provisions relating to home warranty
5 contract assignments; amending s. 634.331, F.S.;
6 making technical changes; conforming provisions to
7 changes made by the act; creating part IV of ch. 634,
8 F.S., entitled "Miscellaneous Provisions"; creating s.
9 634.601, F.S., defining terms; creating s. 634.602,
10 F.S.; providing requirements for express written
11 warranties and home warranties transferred to
12 subsequent home purchasers; providing for the
13 assignment of maintenance contracts in certain
14 circumstances; specifying conditions for the automatic
15 transfer of home warranties that are conditions
16 included in maintenance contracts; providing
17 requirements of a subsequent purchaser who accepts the
18 assignment of a maintenance contract, and of a builder
19 or home warranty association in such instance;
20 requiring a builder or home warranty association to
21 provide certain notice to a subsequent purchaser;
22 providing that such notification be at a certain
23 address unless the builder or home warranty
24 association are notified by the purchaser of a
25 preferred method; restricting a builder or home
26 warranty association from limiting the timeframe for
27 notice by a subsequent purchaser; prohibiting a
28 builder or home warranty association from charging a
29 fee for transferring the warranty; providing

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30 construction; renaming ch. 634, F.S.; providing an
31 effective date.

32
33 Be It Enacted by the Legislature of the State of Florida:

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35 Section 1. Subsection (1) of section 634.312, Florida
36 Statutes, is amended to read:

37 634.312 Forms; required provisions and procedures.—

38 (1) Except as provided in s. 634.602: ~~All~~

39 (a) Home warranty contracts are assignable in a consumer
40 transaction and must contain a statement informing the purchaser
41 of the home warranty of her or his right to assign it, at least
42 within 15 days from the date the home is sold or transferred, to
43 a subsequent retail purchaser of the home covered by the home
44 warranty and all conditions on such right of transfer.

45 (b) The home warranty company may charge an assignment fee
46 not to exceed \$40.

47 (c) Home warranty assignments include, but are not limited
48 to, the assignment from a home builder who purchased the home
49 warranty to a subsequent home purchaser.

50 Section 2. Section 634.331, Florida Statutes, is amended to
51 read:

52 634.331 Coverage of property for sale.—A home warranty may
53 provide coverage of residential property during the listing
54 period of such property for a period not to exceed 12 months,
55 provided that the home warranty company charges the warranty
56 purchaser a separately identifiable charge for the listing
57 period coverage in an amount equal to at least 15 percent of the
58 annual premium charged for the home warranty and the charge for

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59 such coverage is due at the ~~earlier of the~~ end of the listing
60 period ~~or the date the sale of the residential property is~~
61 ~~closed.~~ The requirements in s. 634.602 apply to a home warranty
62 that is transferred to the home purchaser.

63 Section 3. Part IV of chapter 634, Florida Statutes,
64 consisting of sections 634.601 and 634.602, Florida Statutes, is
65 created to read:

66
67 PART IV

68 MISCELLANEOUS PROVISIONS

69
70 634.601 Definitions.—As used in this part, the term:

71 (1) "Builder" means the primary contractor of a home who
72 possesses the requisite skill, knowledge, and experience, and
73 has the responsibility, to supervise, direct, manage, and
74 control the contracting activities of the business organization
75 with which he or she is connected and who has the responsibility
76 to supervise, direct, manage, and control the construction work
77 on a job for which he or she has obtained a building permit.
78 Construction work includes, but is not limited to, construction
79 of structural components.

80 (2) "Home warranty" or "warranty" has the same meaning as
81 in s. 634.301.

82 (3) "Home warranty association" has the same meaning as in
83 s. 634.301.

84 (4) "Indemnify" means to undertake repair or replacement of
85 a home's structural component, or pay compensation for such
86 repair or replacement by cash, check, or other similar means,
87 including, but not limited to, electronic means.

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88 (5) "Structural component" means one or more essential
89 elements of a home, including the roof, foundation, basement,
90 exterior or interior walls, ceilings, floors, or spray foam. As
91 used in this subsection, the term "exterior walls" includes, but
92 is not limited to, any siding, stucco, or paint on the exterior
93 walls.

94 634.602 Structural component indemnification or coverage.-

95 (1) Except as provided in this section, if a builder is
96 obligated under and provides a home purchaser an express written
97 warranty on or after January 1, 2025, that indemnifies a home
98 purchaser against the cost of repairing the structural
99 components of a home and such warranty has not become null and
100 void or lawfully terminated under the terms of the warranty, the
101 express written warranty and all indemnification rights, terms,
102 and conditions thereunder shall automatically transfer to any
103 subsequent purchaser of the home for the duration of the express
104 written warranty.

105 (2) Except as provided in this section, if a builder
106 purchases a home warranty from a licensed home warranty
107 association on or after January 1, 2025, covering the structural
108 components of a home and such warranty has not become null and
109 void or lawfully terminated under the terms of the warranty, the
110 home warranty and all indemnification rights, terms, and
111 conditions thereunder shall automatically transfer to any
112 subsequent purchaser for the duration of the home warranty.

113 (3) With respect to home maintenance contracts:

114 (a) A home warranty that is conditioned on the continuation
115 of a maintenance contract shall automatically transfer to a
116 subsequent purchaser pursuant to subsections (1) and (2) unless

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117 the subsequent purchaser declines the assignment of the
118 underlying maintenance contract. If a subsequent purchaser
119 accepts the assignment of the maintenance contract, the
120 subsequent purchaser is obligated to comply with the terms and
121 conditions of the maintenance contract, including, but not
122 limited to, the payment of consideration. A builder or home
123 warranty association must provide notice of any amounts due
124 under the maintenance contract to a subsequent purchaser at the
125 home address covered by such contract unless the subsequent
126 purchaser notifies the builder or home warranty association of a
127 preferred method of notification.

128 (b) Unless a maintenance contract is a condition of a home
129 warranty, the home warranty does not automatically transfer to a
130 subsequent purchaser. Such maintenance contract shall transfer
131 to a subsequent purchaser only to the extent that the builder or
132 home warranty association and subsequent purchaser agree to the
133 assignment of the contract.

134 (4) A subsequent purchaser who receives the benefit of a
135 warranty being automatically transferred to him or her for the
136 duration of the home warranty pursuant to this section must
137 notify the builder or home warranty association that he or she
138 has purchased the home and therefore is the warrantee under the
139 home warranty. Such notice may be given at any time while the
140 warranty remains in effect. A builder or home warranty
141 association may not require in the terms of a warranty a shorter
142 notice period than provided for in this subsection.

143 (5) A builder may not charge a fee for a transfer of a
144 warranty which occurs automatically pursuant to this section.

145 (6) This section does not:

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146 (a) Modify or extend the commencement date or the duration,
147 or expand the scope of coverage, of the express written warranty
148 or home warranty, as applicable, beyond the express written
149 warranty's or home warranty's terms.

150 (b) Require a builder or home warranty association to be
151 obligated under a warranty that has become null and void
152 pursuant to the terms of the warranty.

153 (c) Require a builder that is obligated under and provides
154 a home purchaser an express written warranty to obtain a license
155 under the Florida Insurance Code, and such practice does not
156 constitute the transaction of insurance subject to the
157 requirements of the code, unless otherwise required by law.

158 (d) Permit the provision of indemnification against
159 consequential damages arising from the failure of any structural
160 component, which practice constitutes the transaction of
161 insurance subject to the requirements of the Florida Insurance
162 Code.

163 (e) Require any subsequent purchaser to be bound by the
164 terms of a home maintenance contract unless he or she agrees to
165 the maintenance contract being assigned to him or her.

166 Section 4. Chapter 634, Florida Statutes, entitled
167 "Warranty Associations," is renamed "Warranties and Warranty
168 Associations."

169 Section 5. This act shall take effect July 1, 2024.