

BALLOT PROPOSITION #201
Homeowners' Bill of Rights

FISCAL ANALYSIS

Description

Proposition 201 would amend current statute related to actions brought by a purchaser against the seller of the dwelling arising out of the design, construction, condition, or sale of the dwelling. The proposition would establish a ten-year warranty on new homes and outlines additional relief that may be awarded to the purchaser in the event of a contested dwelling action. The proposition would require the seller to disclose the existence and nature of any relationships with financial institutions and prohibits sellers' agents from completing a false mortgage application.

Estimated Impact

Proposition 201 may result in an increase in the number of complaints filed with the Registrar of Contractors and the number of dwelling actions filed in court. The proposition would also require the Registrar of Contractors to update its online database of contractors to have a 10-year disciplinary history. The proposition also contains provisions that may result in an increased workload for the Department of Financial Institutions and the Department of Real Estate. It is difficult to predict in advance the impact of the proposition on these entities' workloads.

Neither the Department of Financial Institutions nor the Department of Real Estate anticipates the increased workload to result in a need for additional resources. The Registrar of Contractors indicates it may need additional resources to update its website as a result of the proposition. The Courts are unable to determine a fiscal impact in advance.

Analysis

Proposition 201 would require sellers of a home to include the address, telephone number and website address of the Registrar of Contractors in the contract for the sale of the home. This provision may increase the number of complaints received by the Registrar of Contractors. Since the increase in complaints cannot be determined in advance, the fiscal impact to the Registrar of Contractors is unknown.

If a seller offers to make repairs, the proposition would require the seller to provide a choice of at least 3 contractors licensed by the state with no record of an order by the Registrar of Contractors against them within the 10 years prior to the seller's offer. Currently, the Registrar of Contractors' website lists contractors and only indicates those who have had no record within the past 2 years. The agency may require additional resources to update its website with the information required by the proposition. The Registrar of Contractors' did not provide an estimate of the total cost of updating the website.

Proposition 201 may result in more disputes taken to court. It is difficult to determine in advance how the number of filings will be affected.

The proposition would require the contract for the sale of a home to include disclosures of the seller's financial relationships with any financial institutions. The Department of Financial Institutions may need to modify their examination procedures to include verification of proper disclosure. Similarly, the addition of new regulations may also require the Department of Real Estate to modify their examination procedures.

Local Government Impact

None

7/18/08

This estimate was prepared by Caitlin Acker (602-926-5491).
