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TO: Members of the House Consumer Affairs Committee

SUBJECT: Position Paper – House Bill 427, P.N. 446 (Rep. Readshaw)

DATE: February 11, 2013

PBA OPPOSES HOUSE BILL 427

Bill Summary

House Bill 427 establishes a registration process for home builders by requiring application and information disclosure through the Office of the Attorney General's Bureau of Consumer Protection. The bill also specifies the rights and limitations of home builders with respect to contractual agreements with consumers and further establishes the Home Builder Guaranty Fund, which provides for potential damages for a consumer in the event of a claim.

PBA Position

PBA opposes House Bill 427 for the reasons listed below. We ask that you vote in opposition to the legislation.

- **Adds onerous reporting requirements on home builders and the Office of the Attorney General.** The registration process required under House Bill 427 would force home builders to disclose a long list of personal and business information, including confidential personal identification and financial details. In turn, the Office of the Attorney General would be solely responsible for monitoring and maintaining that information. Not only is the accuracy and confidentiality of this information a concern, but the legislation also requires this information from out-of-state home builders, creating a necessity for interstate cooperation during enforcement.
- **Limits the contract process for consumers and builders.** Pennsylvania's courts have long maintained the freedom of contract and allowed both consumers and businesses the ability to enter into customized contracts that best provide for mutually agreed-upon exchange. HB 427 would place a long list of restrictions on the contract process, namely limiting the rights to action for parties involved in homebuilding contracts. Not only does this supersede the authority of the judicial branch, but it also restricts the freedom

that consumers enjoy to construct the most beneficial and efficient contracts for performance of work.

- **Encourages frivolous legal action at the expense of the home building industry.** The Home Builder Guaranty Fund, which would be created by HB 427, requires an additional \$50 cost added to existing building permit fees that is to be remitted by local government. This accrued total would be used to compensate consumers in the event of a claim against a homebuilder. Not only does this fund force home builders to pay for legal action against themselves, but it also encourages the frequency of claims due to the availability of recoverable funding.

If you have any questions, please contact me at 717-386-9941 or bsailhamer@pabuilders.org.