

Home Warranty

New laws bring changes to home warranties

Early neutral evaluation process created to reduce costly litigation

In fall 2009, DLI created a Homeowner Warranty Task Force consisting of homeowners, builders, insurance professionals and attorneys to search for better ways for homeowners and builders to resolve warranty disputes without expensive and lengthy litigation. The task force met several times, and as a result, HF 3386 and SF 2832 were introduced and signed into law by Gov. Tim Pawlenty on May 13, 2010.

The main element of the bill is the creation of an early neutral evaluation (ENE) process for the review of homeowners' claims against a builder.

Under this new law, effective Jan. 1, 2011, homeowners must submit their warranty claim to the ENE process before they can file a lawsuit against the builder. CCLD, which administers the ENE process, will accept applications from experienced and qualified individuals who will make up a panel of approved neutrals.

The neutral reviews all of the information submitted by

the homeowner and builder and then provides a report that suggests an appropriate scope of repair to be performed. The neutral's report is not binding for either party, but is intended to give the parties a relatively quick and inexpensive review of the merits of the case from an informed but unbiased third party. While the ENE process is underway, the new law also "stops the clock" on any time limits for a homeowner to file a lawsuit against their builder for any type of claim.

Law adds written performance standards requirements

Another important provision of HF 3386 and SF 2832 is a requirement that builders include written performance standards as a part of their contract with their customers. The law does not specify what the standards must be, but does require that they be reduced to writing and be made a part of the contract.

The Homeowner Warranty Task Force continues to meet monthly to provide guidance to the DLI commissioner about the implementation of CCLD's role in the ENE process and to continue to seek more effective and efficient processes for homeowners and builders to resolve warranty disputes.

How the early neutral evaluation process works:

When a homeowner contacts CCLD to start the early neutral evaluation process, the homeowner will be given the names of three neutral individuals and they will be asked to strike one from the list. The builder then is allowed to strike one, and the remaining individual (the neutral) would handle the case.

The law limits the time the neutral can spend reviewing the case to six hours and the neutral's billing is to be split by the parties. The neutral can spend more time reviewing the case if the parties agree to the lengthier review.

The parties can also agree to bypass the ENE process altogether and employ another form of dispute resolution prior to the commencement of litigation. Homeowners are also free to skip the ENE process if their builder fails to comply with the "notice and opportunity to repair" provisions of the warranty law, which are also the subject of new and clearer guidelines under the new law.

Insurance deductible rebates not allowed

Same law allows homeowners to cancel roofing contract if a homeowner's insurance company denies the claim

In response to concerns from consumers, insurers and contractors, the 2010 Legislature passed a bill (Senate File 1886) that will have a direct effect on licensed building contractors who contract with homeowners to repair roofs damaged by storms.

Effective Aug. 1, 2010, this new law prohibits advertising or offering to pay or rebate all or part of a homeowner's insurance deductible.

Although CCLD does not have direct enforcement authority for this prohibition, a contractor who advertises or promises to pay or rebate all or part of a homeowner's deductible in soliciting roofing work may be subject to a civil action by the homeowner or their insurance company to recover any damages they sustain as a result of the violation. Also, an insurer does not have to consider the estimate prepared by a contractor who offered to pay all or

part of the homeowner's deductible.

Another provision of the bill allows homeowners to cancel any contract for roofing work if their homeowner's insurance company denies the claim.

Contractors must include in their contract for roofing work a notice of right to cancel that a homeowner can use to notify the contractor of their decision to cancel the contract.

This cancellation must be made within 72 hours of the homeowner receiving notice of the claim denial from their insurer. In the event of such a cancellation, the contractor must refund any down payment to the homeowner within 10 business days of receiving the cancellation notice. CCLD does have authority to sanction contractors who fail to comply with the cancellation notice provisions of this law.

Quick links and help:

- » [View the full bill \(SF1886\)](#)
- » [View a summary of 2010 legislative action, including: lead certification, roofing contracts, home warranties, and others](#)
- » [For help with questions about residential building contractor laws and rules, contact CCLD Enforcement Services staff at \(651\) 284-5069 or \[DLI.contractor@state.mn.us\]\(mailto:DLI.contractor@state.mn.us\)](#)

Stay current

Residential contractor continuing ed. changes

During the 2010 legislative session, several changes were made to the Residential Building Contractor Continuing Education statute, Minn. Statutes 326B.821.

The CCLD is working on a summary of the changes that were effective Aug. 1, 2010. In the meantime the changes can be viewed in Senate File 2944 by visiting the [Office of the Minnesota Revisor's Web site](#).

- » A directory of continuing education courses offered at sites throughout Minnesota is available on DLI's Web site at: www.dli.mn.gov/CCLD/RBCcourses.asp

Common questions answered

The following subjects have created numerous questions and concerns from building officials and other stakeholders. Please review the following items along with the applicable statutes, rules or code references and share this information with contractors, suppliers, homeowners, and other who may be interested.

Wind limitation for asphalt shingles

Section R301.2.1 of the 2006 IRC (shown below) contains new language adding roof coverings to a list of building components limited by a wind speed of 90 mph. In accordance with Section R905.2.4.1 shingles classified as Class D (90 mph) using ASTM D3161 are acceptable for use in Minnesota. Asphalt shingles shall be attached in accordance with Section R905.6.2.

R301.2.1 Wind limitations. Buildings and portions thereof shall be limited by wind speed, as defined in Table R301.2(1) and construction methods in accordance with this code. Basic wind speeds shall be determined from Figure R301.2(4). Where different construction methods and structural materials are used for various portions of a building, the applicable requirements of this section for each portion shall apply. Where loads for wall coverings, curtain walls, roof coverings, exterior windows, skylights, garage doors and exterior doors are not otherwise specified, the loads listed in Table R301.2(2) adjusted for height and exposure using Table R301.2(3) shall be used to determine design load performance requirements for wall coverings, curtain walls, roof coverings, exterior windows, skylights, garage doors and exterior doors. Asphalt shingles shall be designed for wind speeds in accordance with Section R905.2.6.

Window fall prevention

Window fall prevention requirements are required by Minn. Statutes 326B.106 subd. 7 and further explained in Minn. Rules 1303.2300 that pertain to windows of apartment houses, condominiums, hotels and motels. The window fall prevention requirements became effective July 1, 2009. To view the law, visit www.dli.mn.gov/CCLD/PDF/SBC/1303.pdf

“Common questions answered” continues on Page 4

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Contact information

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Visit the [Contact Us](#) page

Licensing information

DLI.License@state.mn.us
Business/Contractor Licenses and Bonds: (651) 284-5034
(Including: Electrical, HPP, Plumbing, Residential, Manufactured Structures, Mechanical Bonds, Technology System, Water Conditioning)

Personal Licenses and Certificates: (651) 284-5031
(Including: Boiler Engineers, Electricians, Plumbers, Power Limited Technicians, Pipefitters, Unlicensed Individuals)

Building Code information

Phone: (651) 284-5012
Toll-free: 1-800-657-3944
Fax: (651) 284-5749
TTY: (651) 297-4198

Electrical information

Phone: (651) 284-5026
Fax: (651) 284-5749
DLI.Electricity@state.mn.us

Boiler, High-Pressure Piping, Boats-for-Hire inspection

Phone: (651) 284-5544
Fax: (651) 284-5737
DLI.Code@state.mn.us

Plumbing information

Phone: (651) 284-5063
Fax: (651) 284-5748
DLI.Plumbing@state.mn.us

Residential Building Cont.

Phone: (651) 284-5069
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DLI.Contractor@state.mn.us

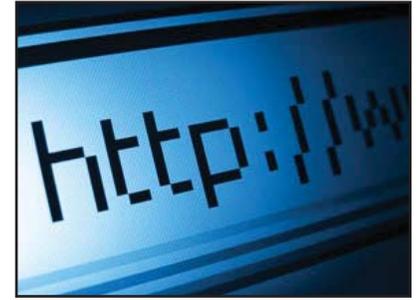
Independent Contractor Exemption Cert. information

Phone: (651) 284-5074
DLI.ic@state.mn.us

Ensure your forms are up-to-date

Users of DLI's Web site are encouraged to download forms directly from the Web rather than saving a copy to a computer and reusing it or photocopying it for reuse.

Laws and rules can change, and with them, fees and requirements for stakeholders. Avoid delays caused by submitting outdated forms by downloading materials directly from DLI's Web site. One quick way to access a form that is used often is by using the "bookmark" feature of your computer's Web browser. Consult the help file installed with your Web browser for assistance with setting up bookmarks.



Questions answered

Common questions answered - continued from Page 3

Lead certification requirements

A federally-regulated Environmental Protection Agency "Lead-Based Paint Renovation, Repair and Painting" program requirement became effective in 2010.

The program requires contractors, property managers, and others who disturb painted surfaces to obtain training, certification, and work practice requirements by an effective date of April 22, 2010. Program requirements apply to residential houses, apartments, and child-occupied facilities such as schools and day care centers built before 1978.

Although the program is not regulated by the Minnesota State Building Code, beginning Feb. 1, 2011, municipalities must verify lead certification qualifications. Municipalities may charge a surcharge for verification of this certification under Minn. Statute 326B.815, subd. 2. For further information contact the Environmental Protection Agency at 1-800 621-8431 or www.epa.gov/lead/pubs/regulation.html.

Lead certification Quick links and help:

- [View a list of continuing education courses](#)
- [Contact the Environmental Protection Agency at 1-800-621-8431](#)

Radon resistant construction

Radon resistant construction requirements became effective June 1, 2009, for new residential construction built to Minn. Rules 1305 (IBC) and Minn. Rules 1309 (IRC).

The construction passive techniques identified in Minn.

Rules 1322.2100 are intended to resist radon entry and prepare the buildings for post construction active radon mitigation.

For more information, view the law at www.dli.mn.gov/CCLD/PDF/SBC/1322.pdf

Manufactured home limited dealer: A two-year license

Visit the [DLI Web site](#) for more information and licensing forms

Owners of manufactured home parks, who hold a Manufactured Home Limited Dealer License, may sell up to 20 used, manufactured homes located in their parks during their new two-year license period. The licensee must be the title-holder of the homes and is limited to selling no more than 10 homes each year.

The 2009 Minnesota Legislature increased the license period for the Manufactured Home Limited Dealer License from one year to two years. It also changed all licenses' expiration dates to December 31 every other year from the anniversary date the original license was issued. Implementation of these changes was left to DLI to determine.

Effective Aug. 1, 2010, all new Manufactured Home Limited Dealer License applications are for the new license period, which will expire on the second December 31 after the license is issued. The license fee is \$220.

All holders of an existing Manufactured Home Limited Dealer License on Aug. 1, 2010, had their license expiration date extended to Dec. 31, 2010, or Dec. 31, 2011, depending on the year their current license expires.



The Minnesota Legislature has increased the license period for the Manufactured Home Limited Dealer License from one year to two years. All new license applications are for the new license period, expiring on the second December 31 after the license is issued.

Each license-holder will receive a new license certificate showing their new expiration date, which must be posted in a conspicuous place upon receipt.

Any holder of an expired Manufactured Home Limited Dealer License must submit a new license application and a \$5,000 Manufactured Home Limited Dealer Bond to become licensed again. A new license number will be issued.

Show stopper

CCLD display booths available for your events

The CCLD loans three, two-part display units to building officials presenting code-related information at community events.

A variety of free literature and photos is provided. The display case size is 55" x 26" x 11". To reserve a display, contact Chris Thompson at (651) 284-5856 or via e-mail at chris.thompson@state.mn.us.

Reservations are granted on a first-come, first-served basis and the displays must be returned to DLI's St. Paul offices as soon as possible after use to allow pick-up by other users.

A specific pick-up time will be arranged to allow quick pick-up and drop-off in DLI's front lobby.



Century-old boiler laws receive updates

Many of the boiler laws in Minnesota, written more than 100 years ago, are now updated.

These laws were applicable to the equipment being used during that time. The advancements in technology and construction have required DLI to look at how to more efficiently regulate charter boats and the boiler industry and try to reduce excessive requirements imposed on boat owners, boiler owners and licensed

operators.

During the 2010 legislative session, DLI reduced the number of statutes by combining the requirements of several statutes into one.

Grammatical changes were made throughout the boiler statutes to include current language and to clarify or streamline existing language. Changes were also made to update references to other standards or codes.

Major revisions to the boiler statutes include:

326B.94 – Subdivision 1: Charter boats will now be regulated by the number of passengers carried and not the length of the vessel. Vessels carrying more than six passengers will require inspection and licensed operators, regardless of the length of the vessel. This also aligns Minnesota requirements with the U.S. Coast Guard requirements for the inspection of boats-for-hire that carry passengers.

326B.95 – A definition section was created to provide clarity to the law.

326B.956 – Subdivision 1. Hobby boiler references will now be “Historical Boilers” and be inspected in accordance with the National Board Inspection Code.

326B.956 – Subdivision 2. Provisions added regarding reciprocity of historical boiler inspections and historical boiler operator licenses.

326B.958 – This section was revised to combine the inspection requirements previously located in 326B.952, 326B.062, 326B.968 and 326B.982.

Subdivision 1. Newly installed boilers must be inspected by a department inspector; inspection fees associated with this initial inspection shall be the responsibility of the installer. (This does not include hot water supply boilers, or one hot water heating boiler less than 750,000 BTUs in a bank of boilers)

Subdivision 2. All boiler inspectors must now attach a sticker or label to the vessel with the date of inspection and the name of the insurance company performing the inspection. This

eliminates the need to leave a copy of the inspection report if the vessel does not have code violations.

326B.964 – NFPA 85 is now a directly referenced standard in lieu of an indirect reference to clarify its required use as an installation and inspection standard for the fuel delivery systems on boilers over 12,500,000 BTU input.

326B.972 – Clarified that DLI examine and license individuals for the operation of only steam turbines as opposed to any other turbine type.

326B.986 – Subdivision 8. Added language pertaining to inspectors meeting with the chief boiler inspector. This is already a current practice for DLI inspectors. The purpose of the meeting is to mentor and train new inspectors about statutes, rules, and procedures.

326B.988 – (1) Added pressure vessels to the list of exceptions because DLI does not inspect boilers or pressure vessels in residences of five families or fewer.

326B.988 – (19) – (24) – Included exemptions for vessels that, over the past 20 years, have been found not to fail or require an inspection. This should provide a cost savings of about \$80,000 to \$100,000 a year to private industry.

(19) any pressure vessel used as an integral part of an electrical circuit breaker;

(20) pressure vessels used for the storage of refrigerant if they are built to ASME code specifications,

“Boiler Code” continues on Page 7

2010 session laws affect elevator inspections

View the 2010 session law at the [Office of the Revisor of Statutes](#)

The 2010 Minnesota Legislature passed laws that impact elevator inspection in grain elevators, grain mills and houses of worship. The new requirements also establish inspection intervals based on type of elevator and location. The following is a summary of the changes:

- Permit and inspection requirements for all new elevator installations and modifications to existing elevators in grain elevators, grain mills and houses of worship are reinstated after being exempt by the 2009 legislature.
- Hand-powered manlifts and electric endless-belt manlifts are exempt from subsequent operating permit fees and periodic inspection.
- Three periodic inspection time frames were established:
 - o Not more than once every five years for special purpose personnel elevators
 - o Not more than once every three years for elevators installed in houses of worship without attached school facilities
 - o Not more than once each year for elevators installed in all other types of locations.



New laws impact elevator inspections in a number of locations as well as establishing inspection intervals.

In addition to these changes, DLI now collects a surcharge on all construction and repair permits, including elevator permits. The [permit forms on DLI's Web site](#) include the surcharge calculation. The surcharge was put in place to offset code development and adoption, administration, education and training costs. These costs were previously covered by surcharge fees collected on other permits.

Boilers

“Boiler Code” continued from Page 7

registered with the national board, and equipped with an ASME code stamped pressure relieving device set no higher than the maximum allowable working pressure of the vessel. This does not include pressure vessels used in ammonia refrigeration systems;

(21) pressure vessels used for the storage of oxygen, nitrogen, helium, carbon dioxide, argon, nitrous oxide, or other medical gas, provided the vessel is constructed to ASME or Minnesota Department of Transportation specifications and equipped with an ASME code stamped pressure relieving device. The owner of the vessel shall perform annual visual inspections and planned maintenance on these vessels to ensure vessel integrity;

(22) pressure vessels used for the storage of compressed

air for self-contained breathing apparatuses;

(23) hot water heating or other hot liquid boilers vented directly to the atmosphere; and

(24) pressure vessels used for the storage of compressed air not exceeding 1.5 cubic feet (11.22 gallons) in volume with a maximum allowable working pressure of 600 psi or less.

326B.99 – Reduced the time for insurance companies to perform an inspection from 120 days to 60 days. This change was made because there will be a reduction in the number of objects to be inspected so less time is needed to complete the inspections. [see explanation for 326B.988 (19) – (24).]

Common building plan review questions answered by CCLD staff

The questions below are part of an ongoing series featuring frequently asked questions received by CCLD's [Building Plan Review Section](#). The responses are the opinions of the plan review staff and do not represent an official Division or State Building Official interpretation.

Q: How much wood is permitted as part of the roof construction in a building of Type I or II construction?

A: IBC Sec. 603.1 provides a list of combustible construction allowed in buildings of Type I or II construction. As Item No. 11 allows for "blocking such as for handrails, millwork, cabinets and window and door frames buildings," we consider the following roof construction consistent with that provision: cant strips, expansion/building joints, coping at the top of parapets, parapets constructed of solid blocking or combustible sheathing attached to non-combustible does not backing up to 24-inches in height, curbs for mechanical equipment and skylights. Note that this does not require the wood to be fire-retardant treated.



Q: Can I use actual load as opposed to calculated load for the determination of required toilet fixtures?

A: Yes, assuming that:

- the number is realistic,
- the number allows for a reasonable margin of safety and,
- the design professional and owner acknowledge that any change of use or occupancy may require the installation of additional fixtures.

The exception to IBC Sec. 1004.1.1, allows for this.

Q: Does a facility with patients/residents with dementia need to be classified as a group I-2 occupancy?

A: No. The key to the proper classification is the ability of the patients/residents to respond to an emergency without physical assistance from staff (IBC Sec. 308.2). Early stages of dementia are usually characterized by forgetfulness or confusion, but the individuals are capable of responding, usually to voice instructions by staff. Therefore these may be classified as a group I-1 or if the occupant load allows a group R-3 or R-4. Licensing by the Department of Health or Department of Human Services plays a key role in this determination and should always be crosschecked with the State Building Code.