

Dear Committee Members:

I am a retired affordable housing developer. HB 3432 is a bad idea, for several reasons.

1. It often takes longer than 6 years for defects to appear. In that situation, homeowners will simply be out of luck, and out of tens of thousands of dollars.

2. One argument proponents of the bill put forth is that the bill will lower the cost of CDL insurance. However, the report done by EcoNorthwest states otherwise (p. 10 of report):

Amending the Statute of Repose would not have a short-term impact on the cost of insurance premiums. Insurance providers will need to observe reduced risk (less litigation) over time.

In other words, lower premiums are not guaranteed, they won't appear, if at all, until at least 6 years from now (when the shorter Statute of Repose comes into effect), and even if premiums are reduced, we have no idea what the savings would be. And those savings will mean nothing to the homeowners who are shut out from a remedy should a defect appear in year 7 or 8.

3. Moreover, any savings in insurance, if there turns out to be one, will be offset largely by the increased cost of special inspections called for by the bill and paid for by owners. Will there really be any significant impact on the affordability of a home?

4. Lastly, requiring a majority of owners to affirmatively vote for litigation may be difficult. What if only one side of a building is affected by the defect, such that only a quarter of the homeowners want to sue? Or what if an insidious developer or contractor simply pays off 51% of the homeowners, because that turns out to be cheaper than fixing the problem?

I have worked with and have respect for the proponents of the bill. Certainly it would be helpful to (a) have the Building Codes Division come up with specifications aimed at avoiding the problems targeted by the bill, and (b) require special inspections to assure that the specs have been followed. However, these steps can and should be taken by developers in any project, without shortening the Statute of Limitations or Statute of Ultimate Repose and without requiring a majority of association members to vote to pursue a lawsuit. Simply put, the negative impacts of the bill outweigh any potential benefits.

Thank you for this opportunity to comment on HB 3432.

Charlie Harris