

HOUSE RESEARCH

Bill Summary

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Subject: Claims related to real property; limitations period

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Current law provides that an action for contribution or indemnity arising out of a claim for damages related to services or construction to improve real property may be brought no later than two years after the claim for contribution or indemnity accrued.

This bill modifies the existing two-year period in which a claim may be made for contribution or indemnity related to an improvement to real property by providing that, regardless of when the claim accrues, in no event can a claim for contribution or indemnity be made more than 14 years after substantial completion of the construction that gave rise to the original claim for damages. Claims covered under this limitation include those related to statutory new home and home improvement warranties under chapter 327A.

Existing standards for determining when a claim accrues are unchanged by the bill.

A claim for “contribution or indemnity” is one in which a named defendant in a case claims that another person—not a named party in the case—is partially or wholly at fault for the damage claimed by the plaintiff. The defendant may bring a separate claim against that other person, seeking recovery of any damages that the defendant was required to pay to the plaintiff. If the defendant claims that the other party is partially at fault and responsible for a portion of the damages, the claim is one for “contribution.” If the defendant claims that the other party is entirely at fault and responsible for all of the damage, the claim is one for “indemnity.”

Effective August 1, 2013, and applies to actions commenced on or after that date.