

Proposition 201



Lawyers WIN
Homeowners LOSE

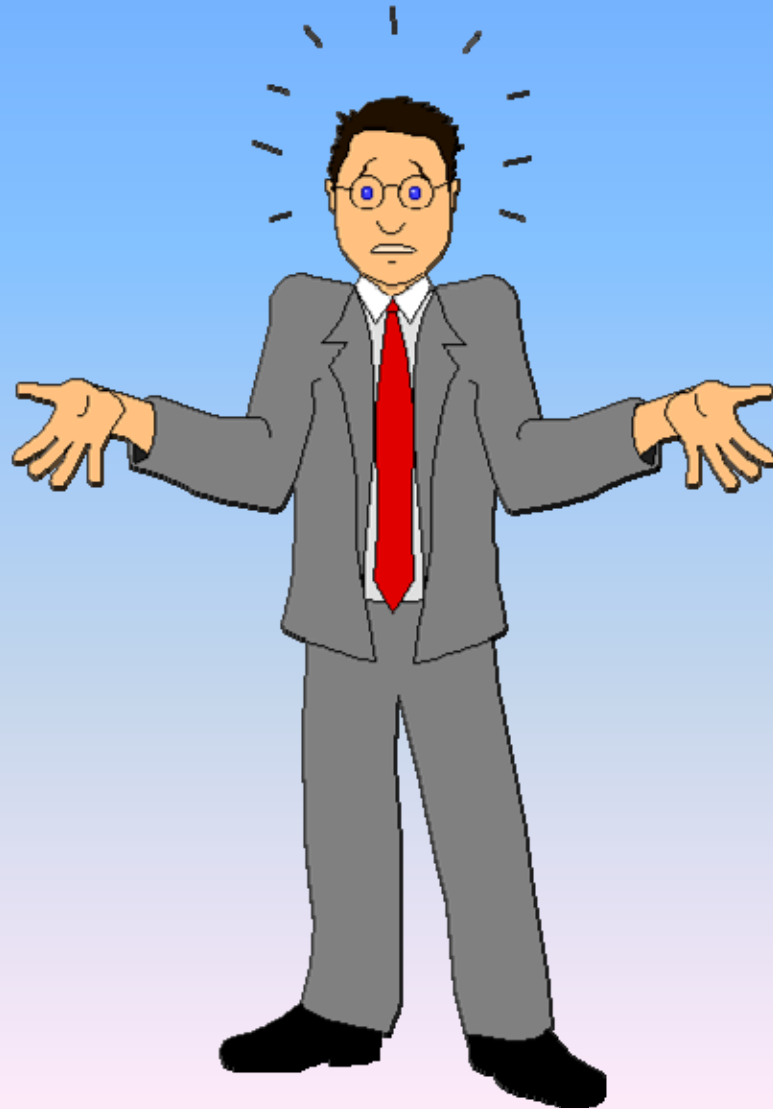
Why Arizona has Prop. 201

- Sheet Metal Workers Union
 - Approached the HBACA about unionizing one of our members
 - Gave our association an ultimatum: Help us organize or face an initiative
- The HBACA decided to fight rather than be extorted

Does our current system work?

- YES it does!
 - Implemented in 2003, Arizona's opportunity to repair laws have reduced litigation and increased consumer satisfaction
 - It is a fair and equitable process
 - Designed so that disputes can be settled OUT of court, not IN court

What does Prop. 201 Do?



Prop. 201 tilts the process towards trial lawyers

- Prohibits sellers or buyers from entering into any alternative dispute resolution process in sales contracts
- Eliminates “loser pays” statutes
- Grants litigation rights to “prospective” buyers
- Extends the timeframe for a person to sue over any real property improvement (including commercial, residential, and industrial) from 8 to 10 years

Prop. 201 makes it nearly impossible for buyers or sellers to resolve disputes outside of court

- Mandates builders pay for repairs with no requirement to establish that the defect exists or is even the owners fault
- Restricts builders from making repairs
- Reduces repair timeframes

Prop. 201 creates other mandates that drive up the cost of housing

- Require all model home fixtures (couches, paintings, etc.) be included in the purchase price or otherwise be separately priced
- Prohibits sellers from requiring a deposit unless the purchaser is given a 100 cancellation period
- Mandates a 10-year warranty with every new home

What's the long term impact?

- With Prop. 201, both buyers and sellers will be worse off:
 - Increased litigation costs will be passed onto the consumer
 - Homeowners will go even longer to get their issues resolved
- Prop. 201 will prolong Arizona's housing recovery