

## Builders Agree to Buy Out Community Association

Michael Ueda, Daily Journal Staff Writer, Los Angeles Daily Journal

**September 14, 1998** - Santa Ana - Orange County builders have agreed to pay 37 condominium owners \$9.4 million for the fair market value of their Laguna Niguel homes damaged when a hillside above the development shifted.

The settlement between the Crown Valley Parkway Condominium Association and Hon Development, and J.M. Peters, among others, is reportedly the first time a builder has agreed to buy out an entire community association because of construction defects. Unit owners will also receive \$100,000 for relocation expenses. Four owners settled with Hon earlier this year. *Crown Valley Parkway Condominium Association v. Hon Development et al.* 740265.

The settlement comes just 17 days before the trial was scheduled to begin in Orange County Superior Court.

"The goal has been to acquire funds to enable homeowners to recover their monetary losses," said Thomas E. Miller, an Orange County sole practitioner who represented Crown Valley, in a prepared statement "On a per unit basis, the settlement represents one of the largest in California. [The homeowners] are now closer to putting this behind them and moving on with their lives."

The settlement brings an end to a suit that originally was filed in December 1994. The association alleged that the adjacent hillside was not properly reinforced when it was created by Hon and J.M. Peters as a base for luxury homes.

The hillside began to move, and the heavy winter rains exacerbated the problem, causing some of the homes to slide down the hill.

As a result, 21 of the 41 units were evacuated, 17 of which were destroyed. The remaining 20 units will be evacuated by December.

Attorneys for Hon or J.M. Peters could not be reached for comment.