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San Francisco condo owners score \$5.4M recovery

San Francisco Business Times by J.K. Dineen, Reporter

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Reporter - *San Francisco Business Times*

Owners of residences at a San Francisco condominium building have recouped \$5.4 million in a landmark construction defect case that sets a state record for per-unit recovery.

The 32-unit building, Chelsea Court, located at 851 Van Ness Avenue, recovered \$5.4 million for claims related to shoddy workmanship and construction defects. The settlement was reached in mediation and the majority of it is being funded by insurance companies for the builder and 13 subcontractors.

Condo owners complained of excessive water intrusion, roof and window leaks and ensuing mold, deck failures, and exterior walkway life-safety issues. The Chelsea Court Owners Association was able to recover for damages that amounted to nearly \$169,000 per unit, believed to be California's largest per-unit recovery to date. These units were marketed as part of a luxury development that was sold in 2002 by Gentium Homes, according to the attorneys for the homeowners association.

"More builders today are facing complaints of shoddy construction," said lead attorneys **Thomas E. Miller, Jeffrey B. Cereghino** and **Charles Merrill** in a joint statement. "What most condo owners don't realize is that insurance does exist to cover construction defects even if the builder declares bankruptcy, or tries to walk away from the LLC it set up to build and sell the units."

J.K. Dineen covers real estate for the San Francisco Business Times.