

Construction Defect Lawsuit Settles for \$8.4 Million Award is Largest Settlement in Ventura County History

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April 15, 1999 - Shadow Ridge, a condominium and townhouse complex in Oak Park, reached terms last week on a construction defect lawsuit that will pay homeowners \$8.4 million.

The case went against Orange County homebuilder, Regis Homes, and its financing partner, Aetna Life Insurance, for problems that Shadow Ridge spokespersons said were due to "architectural deficiencies and code violations."

The 440-unit complex has been plagued by leaky roofs, windows, sliding doors and breezeways, sometimes leading to dry rot and other complications, according to the complaint.

Shadow Ridge attorney Thomas Miller called the agreement the largest per unit settlement in Ventura County history.

"There are a number of buildings inside this project and not any one of them was immune from these problems. They all had various signs of water intrusion," Miller said.

The problems stemmed from inadequate supervision on the job, use of unskilled labor and construction plans not being made clear, according to Miller. The homes were built in 1992.

Regis attorney Richard Glucksman said the project's subcontractors would bear the "vast majority" of the settlement costs, but he added, "There is no admission of any liability and no admission of any wrongdoing or defects out there. The settlement really is driven by the excessive cost to litigate the case.

"Regis takes their building very seriously," Glucksman said.

Shadow Ridge initially sought \$5 million, according to Miller, but raised the ante considerably after investigators found further problems. The \$8.4 million figure was reached during negotiations before Los Angeles County mediator Ross Hart. Payment is expected to be in the hands of the homeowners association within 30 to 60 days.

Shadow Ridge Board President Gerald Kline called the settlement "adequate" enough to finish the repairs that were left undone while the litigation was underway. The full work won't be finished for at least a year, according to Kline.

"In life safety instances we did do the repairs, but in most cases we left the situation in place because we didn't want to compromise the evidence," Kline said, explaining that "life safety" refers to the rain water that would pool in common areas and create dangerous

footing for residents and visitors.

"When it rained I'd go out and sweep it off with the broom," said Bill Peterson, a Shadow Ridge owner for the past six years. "We have a nice crack in the wall, too."

Other problems include faulty water heaters and electrical outlets, Peterson said. None of the tenants were ever forced to move out of their units, however.

Peterson said that with the settlement resolved, he and his wife can think about selling their two-bedroom townhouse. He said mortgage lenders will be more inclined to ask for a smaller down payment now that the lawsuit is over.

"Any time you have a pending litigation it is a cloud on title and it affects people's ability to finance or refinance," said Kline.

Regis also faces litigation over alleged construction defects at the 80-unit Shadow Oaks complex on Kanan Road, less than a mile away from Shadow ridge, and at a project in Dana Point, according to Miller