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Frequently Asked Questions

Will a lawsuit like this harm my home's value or my neighborhood?

An unnecessary lawsuit could lower the value of your home and your entire neighborhood. Even neighbors who decline these solicitations may feel the effects of such a lawsuit.

When I sell my house, will these litigated "defects" require disclosure to potential buyers?

Yes. Under California law, you are required to disclose perceived problems with the construction of your home and any lawsuits regarding your home. As the seller, you would have to provide a transfer disclosure statement during the due diligence period, which could extend the home's time on the market and bring the price down drastically depending on the list of "defects".

Will litigation affect my ability to buy another house or get another mortgage loan? What about refinancing my home or maintaining a second mortgage/home equity loan?

Yes. Your lender will be given notice and may require proceeds from any lawsuit be applied to your loan due to the loss in home value as a result of the lawsuit. Joining these types of lawsuits could also prevent you from ever being able to sell or refinance a home without proving that all of the repairs have been made.

How long does it take to settle this type of lawsuit?

This type of lawsuit often takes a long time to settle, as much as 2-5 years. During those years, the costs of litigation will add up while your home's value goes down. The lawsuit may also require testing on your home. This testing could be visual or even destructive to try and prove that the alleged "defects" exist.

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How much will you really get from the settlement?

While these lawyers from Southern California may promise you easy money, don't be fooled. You should know that as much as 70% of your settlement (if won) could go to the attorneys and their paid experts. These experts often inflate repair estimates to try and get a better settlement and more money for huge legal bills. Win or lose, the homeowner is responsible for those bills. If the suit is unsuccessful, homeowners may be responsible for the builder's legal defense as well. It is also possible that lenders would require proceeds from the settlement due to loss of value.

Will the lawsuit affect my ability to obtain homeowners insurance?

Most likely, yes. If your home is labeled as "defective" it will be much more costly to insure. It will also cause premium rates to significantly increase in the future, rendering your home nearly impossible to sell.