

The Miller Law Firm Helps
Two Boutique Homeowners Associations
Recover Nearly \$950,000 For Faulty Construction

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San Francisco County, Calif. –The Miller Law Firm has recovered nearly \$950,000 for two boutique homeowners Associations in the City. A sign that even small, in-fill buildings face significant damages and repair costs due to construction defects.

The 350 Alabama Street and the 3354 20th Street Owners Associations were both built and sold between 2004 and 2007 at the height of the local building boom and real estate market. Boutique buildings under 20 units with a mixed-use component, like these located in the Mission and the Potrero Hill neighborhoods, were very high demand. Local building and investment teams formed limited liability companies to sell millions of dollars worth of condominiums to meet this demand.



350 Alabama Street, San Francisco

According to Rachel Miller, Senior Partner of The Miller Law Firm, “Entire blocks of condominium buildings were erected in the City in this timeframe. BMR or below market rate units fueled available real estate to anyone looking to get into the market. But with high demand and speedy construction practices, visible effects became clear and, by 2010, numerous luxury boutique buildings in the City faced millions in repairs from shoddy construction.”



3354 20th Street, San Francisco

But chronic common area water intrusion, window failures, roof leaks, garage leaks and efflorescence, metal corrosion and cracking in stucco and exterior walls, and plumbing and mechanical issues required a further look and significant repair costs.

Unfortunately, some of the builders and the industry found a way to escape liability by obtaining limited insurance to cover construction defect claims.

According to Thomas E. Miller, CEO of The Miller Law Firm, “Placing the burden on consumers is really what all of these builders did in this era. Many insurance policies had “condominium exclusions” and some builders had no insurance policy at all. Some built them as apartments only to sell them later as condominiums, which allowed the builders to pay less for insurance and pass the risk onto homeowners. The good news is that we were able to find a few hundred thousand dollars in each case and protecting these Associations’ operating and reserves accounts and assets.”

“It is unimaginable that companies like Imbelloni Construction, who built numerous buildings in our neighborhood, were able to sell units to consumers without the City requiring that they carry the proper insurance to cover possible construction defect claims,” said Ray Everett, President of the Board of Directors of the 350 Alabama Homeowners Association, a 22 unit building in the Inner Mission/Potrero Hill area. "With the myriad of permits and inspections required for construction, the City could easily verify proper insurance coverage and save homeowners and contractors significant financial challenges down the road."

Mark Smigleski, President of the Board of Directors of the 3354 20th Street Owners Association, an 8 unit building in the Mission District, states, “The real heartache came when we realized that our builder obtained insurance policies that would not nearly cover our damages and did not even have a signed contract with any of its subcontractors. But we are simply grateful for what we were able to obtain with the help of The Millers and that the recovery does reduce our financial exposure.”

Thomas E. Miller and Rachel M. Miller of The Miller Law Firm (www.ConstructionDefects.com) are the co-authors of, “Home and Condo Defects: A Consumer Guide to Faulty Construction,” (Seven Locks Press, 2012), available online at www.amazon.com.

Detailed information regarding this case can be accessed via the San Francisco Superior Court website at www.sfsuperiorcourt.org, case numbers: CGC-10-500835 & CGC-10-505478.