

Construction Defects

Construction Defects & Divorce

The Problem

The project was a single-family, 4-bedroom, 2-bathroom, combination wood frame and log home, in remote western Oregon. The residence was built by a General Contractor (GC) who entered into a verbal contract with the Owner. Construction took almost two years. The General Contractor coordinated with trade contractors to contract with and be paid directly by the owner.

The Owner noticed cracking in the drywall and around the chimney, and hired the original Design Engineer and a Contractor-Consultant to investigate the problems. Issues included floor tile cracking, separating floor joints, damage to sub floors, cracking of vertical support logs, gypsum wallboard damage, and general settling in an amount greater than expected. They found that many materials were substituted, and installation methods were modified from the original plans, including the use of a thicker single layer of floor underlayment rather than two thin layers, and structural changes that caused once decorative beams to support portions of the loft. The chimney construction did not conform to the drawing or to building code standards, as the CMU blocks were too small, not reinforced with rebar, nor filled solid with grout.

The Owner's expert published a repair estimate for \$359,000 and the plaintiff attorney demanded \$421,000. Additionally, conflicting reports were published in favor of various parties including one that said none of the problems were related to the GC.

The Solution

Our Work: All Project File documentation and plans were organized, summarized, and analyzed. We conducted two days of on-site investigation including interviewing the Owner's Contractor-Consultant.

We let our attorney client know (verbally, of course) that his client, the GC, really should not be allowed to build houses, because the work was terrible. The good news was, we believed we could fix the problems for half of what they were asking.

We then delivered a list of subcontractors that should be kept in the suit, including drywall/finish carpenter, HVAC/insulation, and tile & stone. We composed a Preliminary Scope of Repair and Cost Estimate to repair the home for \$160,000, and participated in meetings and mediations. We were asked to compose a Revised Scope and Cost of Repair, which totaled \$183,000. We then composed a Request for Proposal (RFP) and solicited bids by contacting 80 contractors, found 15 interested, job walked five, and received bids from three qualified GCs for \$186,000, \$150-200,000, and \$475,000. Finally, we composed and delivered Allocation of Responsibility packages to the trade contractors.

The case settled favorably, based on the proposals to repair, for less than \$200,000.

The Saga Continued...

Throughout the original litigation, the Owner was a jerk. And as the case unfolded, it became clear that part of the problem with getting the home completed was his inability to get along with anyone. So we were not surprised when, the next year, we received a call from the attorney for the Owner's soon-to-be ex-wife. He tried to use the more than \$475,000 repair estimate in divorce settlement negotiations, so she had to hire us to testify in two days of deposition, including a video deposition for use in trial. It worked out well for the wife ;-)

