

From FTC original Consent order:

KB HOME IS NOT ALLOWED TO PROVIDE FOR BINDING ARBITRATION, BUT THEY DID. THEY TRICKED PEOPLE LIKE ME INTO A SHORTER WARRANTY (10 YEAR) BECAUSE WE WANTED TO BE ABLE TO SUE – OR THEY TRICKED PEOPLE INTO NON-BINDING ARBITRATION WITH THE PROMISE OF A LONGER WARRANTY (12 YEARS).

KBFTCCONSENT2005

full suit (excerpt below): KB_Class_Complaint_final (1)

12. KB Home in all corporate or business forms they assume to sell homes to consumers, are the subject of a 1979 Federal Trade Commission Consent Decree that specifically requires KB Home to issue a Warranty related to its sales of homes nationwide that does not require or provide for binding arbitration of the consumers' claims and complaints. Specifically, KB Home is required, as a matter of law, to use a warranty agreement that conforms to the 'HOW Warranty form' in use at the time of the 1979 Federal Agency Decree; the relevant HOW Warranty does not provide for or allow

From KB Home Sales Contract:

STRUCTURAL INTEGRITY COVERED FOR TEN OR 12 YEARS

Subject to the terms and conditions of the Limited Warranty, KB HOME warrants that the home will be free from any damage resulting from any structural defect for a period of ten or 12 years (depending on the option you selected) beginning on the date escrow closed for your purchase of the home.

FROM SALES CONTRACT:

With respect to the format of Arbitration to be utilized under this Warranty, the Home Owner has the right to and must elect one of the following two options as to the binding or non-binding nature of the Arbitration:

Option One – Mandatory Non-Binding Arbitration

Under this Option, once an Arbitration has been completed and a decision rendered, then Home Owner shall have the right to either (a) bind KB and itself to the result of the Arbitration or (b) refuse to accept the results of the Arbitration and take legal action in state or federal courts after the Arbitration Decision has been issued. In the event Home Owner selects this Option One, the period of coverage for Major Structural Defects as set forth in Section B.1 of the Warranty shall be ten (10) years from the Commencement Date. Home Owner acknowledges that its agreement to this Option One is voluntary and it has received full disclosure of each of the Options available herein.

Home Owner's Initials: ML AD

I CROSSED THIS OUT ON MY OWN SALES CONTRACT – BUT KB OFFERED IT TO BUYERS DESPITE THE FTC ORDER NOT TO.

~~Option Two – Mandatory Binding Arbitration~~

~~Under Option Two, each of the Parties agrees to be completely bound by the decision of the Arbitrator, which shall be final and non-appealable. A Home Owner selecting Option Two hereby understands that any dispute arising out of the matters included in the Arbitration of Disputes provision will be decided on a final and binding basis by a single neutral Arbitrator as provided elsewhere in this Warranty and that Home Owner is giving up any and all rights it may possess to have the Warranty-related dispute litigated in a court or jury trial. By initialing in the space associated with Option Two, the Home Owner is giving up its rights to a court or jury trial with respect to any matters covered by this Warranty, including any right of appeal of an Arbitration decision or award.~~

~~In consideration of Home Owner's acceptance of the binding, final and non-appealable aspects of such Arbitration, Home Owner and KB agree that the term of coverage for Major Structural Defects shall be twelve (12) years beginning on the Commencement Date as defined above. Home Owner also recognizes and agrees by selecting Option Two, if the Home Owner refuses to submit to or accept the results of the Arbitration after agreeing to this provision; the Home Owner may be compelled to arbitrate on the authority of state law. Home Owner acknowledges that its agreement to this binding Arbitration provision is voluntary and it has received full disclosure of each of the Options available herein.~~

~~Home Owner's Initials: _____~~