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KB Home Faces Price Fixing Class Action

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Orlando, FL: A Central Florida homeowner forced into foreclosure filed a class-action lawsuit last week against KB Home, Countrywide Financial and LandSafe Appraisal Services, claiming the three conspired to rig housing prices in Florida, South Carolina and North Carolina, costing home purchasers millions of dollars, and fueling the collapse of the region's housing market.

The suit, filed in U.S. District Court in Orlando, FL, on Friday, October 30, claims the three companies employed a well-planned scheme to control the typically independent appraisal process, jacking up home values, which, in turn, were used to determine the value of other homes sold by KB, affecting thousands of homeowners.

According to the 94-page complaint, Countrywide funneled all its KB customers' home appraisals to a single person at LandSafe, an appraisal subsidiary of Countrywide, who in turn would deliver an appraisal value at whatever KB and Countrywide ordered.

The named plaintiff, Stephanie Sullivan, purchased her home in 2006 for \$426,000. An appraisal conducted a year later reported her home was worth \$310,000 and cited that the market was not the reason for the lower value but rather an inaccurate and fraudulent appraisal.

In 2007, Sullivan's husband was laid off and they were unable to pay the mortgage. The Sullivans tried to work with Countrywide to modify the loan but the lending giant refused, filing a lien on the home and eventually foreclosed, pushing the Sullivans into bankruptcy.

The suit claims all KB Homes in the Southeast segment were targeted by the scheme. The complaint states between 2006 and 2008 more than 19,000 homes were delivered to the area. At an average price of \$225,000 a home, and conservatively assuming an average inflated appraisal of \$30,000 per home, that amounts to almost \$600 million in inflated contract prices, the suit states.

The lawsuit lists several claims against the defendants including violations of the Racketeer Influenced and Corrupt Organizations Act (RICO), violation of California unfair competition law, violation of Florida deceptive and unfair trade practices act, unjust enrichment and violations of Real Estate Settlement Procedures Act (RESPA).

The lawsuit represents anyone who used Countrywide and LandSafe to finance a home purchased through KB Home in Florida, South Carolina or North Carolina

KB HOME PRICE FIXING CLASS ACTION Legal Help