



## **Texas Court Finalizes KB Home Arbitration Class Action Lawsuit - KB Home defies FTC Consent Order!**

*Laredo District Court Judge Solomon Casseb Tuesday approved a court supervised class action settlement that prohibits KB Home from requiring past, present or future customers to consent to mandatory binding arbitration for the settlement of warranty claims. Last month HomeOwners for Better Building obtained documents which appear to confirm that KB Home has again disregarded the FTC consent order and the terms of the of the new class action settlement.*

San Antonio, Texas ([PRWEB](#)) May 19, 2006 -- Laredo – KB Home officially become the only builder in the nation that is prohibited from forcing homeowners to mandatory binding arbitration. Laredo District Court Judge Solomon Casseb Tuesday approved a court supervised class action settlement of Timothy D. Pruitt vs. KB Home (2003-CVQ-001553-D3), which prohibits KB Home from requiring past, present or future customers to consent to mandatory binding arbitration for the settlement of warranty claims.

In a related action, last August the Federal Trade Commission (FTC) announced that KB Home would pay a \$2 million civil penalty to settle charges that it violated the terms of a 1979 consent order for inserting mandatory binding arbitration clauses in its contracts and warranties.

Last month HomeOwners for Better Building obtained documents which appears to confirm that KB Home has again disregarded the FTC consent order and the terms of the of the new class action settlement. While under the court provisional certification of the class action, the company referred at least one homeowner with major foundation problems to its third party warranty provider Home of Texas, who denied the claim and notified the homeowner to submit to Binding Arbitration, conducted by Construction Arbitration Services (CAS). The FTC is now reviewing those documents.

A history of disregard of the FTC consent order is noted in the Pruitt petition. In 1999, the FTC warned KB Home to cease inserting binding arbitrations in their contracts and warranties and warned that it violated a 1979 FTC consent order. The FTC made repeated attempts to get KB Home to stop but the builder continued to ignore the FTC until February 2001 when they gave assurances that it would stop.

Houston attorney Alice Oliver-Parrott brought the Pruitt case that ultimately led to the settlement that mandates court notification of the settlement that applies to all homes that were built after January 1, 1996.

With the settlement of the class-action suit KB Home and its subsidiaries' binding arbitration clauses are invalid, and homeowners can now sue KB Home in a court rather than being forced into binding arbitration regarding construction defects.

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