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## **Foreclosed Homeowners Fight Back Against KB Home**

### *Homeowners Build a Tent City at Homebuilder's Annual Meeting to Protest Unfair Lending Practices and Defective Homes*

**Los Angeles, CA (April 2, 2009)** – Homeowners joined religious, union and community representatives to erect a tent city outside KB Home's annual shareholder meeting in Los Angeles to protest the company's unfair lending practices. Ten of the homeowners also went inside the builder's headquarters to deliver their message directly to the corporation's executives and board members about the problems KB Home caused in their communities.

The homeowners allege that the company and its lending operations, Countrywide KB, helped create the housing and mortgage crisis by steering buyers into subprime loans and other risky mortgages. At KB Home subprime lending increased 405 percent between 2005 and 2006. Countrywide KB, originated 57% of mortgages that went to buyers of homes built by KB Home in 2006. 37.5% of Countrywide KB's mortgages included a "piggyback" mortgage and 44% of Countrywide KB's second lien purchase mortgages were subprime in 2006.

Several homeowners who attended the annual meeting have also filed complaints with state Attorneys General in California and Arizona, charging that KB Home engaged in deceptive practices, made false statements and concealed information in violation of state consumer protection laws.

Santiago Ramos bought a home from KB Home in Hesperia California. According to Ramos, KB Home falsified his monthly income so that he would qualify for a loan and pressured him to sign the mortgage contract.

"I wish KB Home had been more responsible and told me I could not afford this house," said Ramos. "Instead, they pushed me in over my head and now they are unwilling to help my family keep our home."

Nathan Johnson tried to purchase a home from KB Home in Buckeye, Arizona for \$394,000, but Navy Federal Credit Union, where he attempted to get a mortgage, appraised the home at \$351,000. Instead of adjusting the price, KB Home had Countrywide KB do its own appraisal and offered Johnson a first and second mortgage for the full amount. Now like the other buyers of KB Homes in his community, Johnson is underwater as Maricopa County has recently assessed his home's value at \$187,200.

The Nieto family purchased their home from KB Home in the same community as Johnson and just two and a half years later they were foreclosed on. The Nieto's made a \$38,000 down-payment towards the \$384,000 sale price and Countrywide KB gave them the financing for the rest, including a second mortgage with a high 9% interest rate. Countrywide KB's appraisal process compared the home to two

properties that were five and eleven miles away in higher value neighborhoods, while overlooking similar closer properties.

“KB Home and Countrywide KB never offered us any kind of assistance to help us keep our home even though it was their faulty appraisal process that got us in over our heads,” said Gloria Nieto.

The average value of homes built by KB Home in Buckeye, Arizona decreased from \$243,797 to \$164,996.

In addition to the deceptive lending practices, the homeowners also allege serious defects in homes built by KB Home.

Katherine Anderson, a single mother, walked away from her home because of mold problems that caused her to have chest pains and trouble breathing. KB Home inspected Anderson’s home after she reported mold in her bedroom, living room and dining room. KB Home treated the problem but the mold grew back. When KB Home removed patches of the wall and found dark spots, they claimed those spots were ink not mold, Anderson said.

An inspector from the Arizona Registrar of Contractors inspected the home and found serious construction defects that caused the mold problems. The inspector suggested the house should be torn down and rebuilt.

“You save your life savings and finally get the opportunity to buy your first home and it turns out to be a disaster, said Anderson. “I lost my home because I could not sell it the way it was or afford to fix it.”

The protest at the KB Home shareholder meeting was organized by the Alliance for Homebuyer Justice, a project of LIUNA. LIUNA represents workers in the construction industry, an industry now facing 21.4 percent unemployment due in part to the mortgage crisis caused by the practices of corporate homebuilders during the housing boom.

**Note: For more information on the Alliance for Homebuyer Justice please go to: [www.AllianceForHomebuyerJustice.org](http://www.AllianceForHomebuyerJustice.org). To interview homeowners who filed complaints against KB Home or for more information on the complaints please contact Dawn Page at (480) 619-9263, [dpage@liuna.org](mailto:dpage@liuna.org), or Jacob Hay at (202) 942-2285, [jhay@liuna.org](mailto:jhay@liuna.org).**

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*The half-million members of LIUNA – the Laborers’ International Union of North America – are on the forefront of the construction industry, a powerhouse of workers who are proud to build America.*