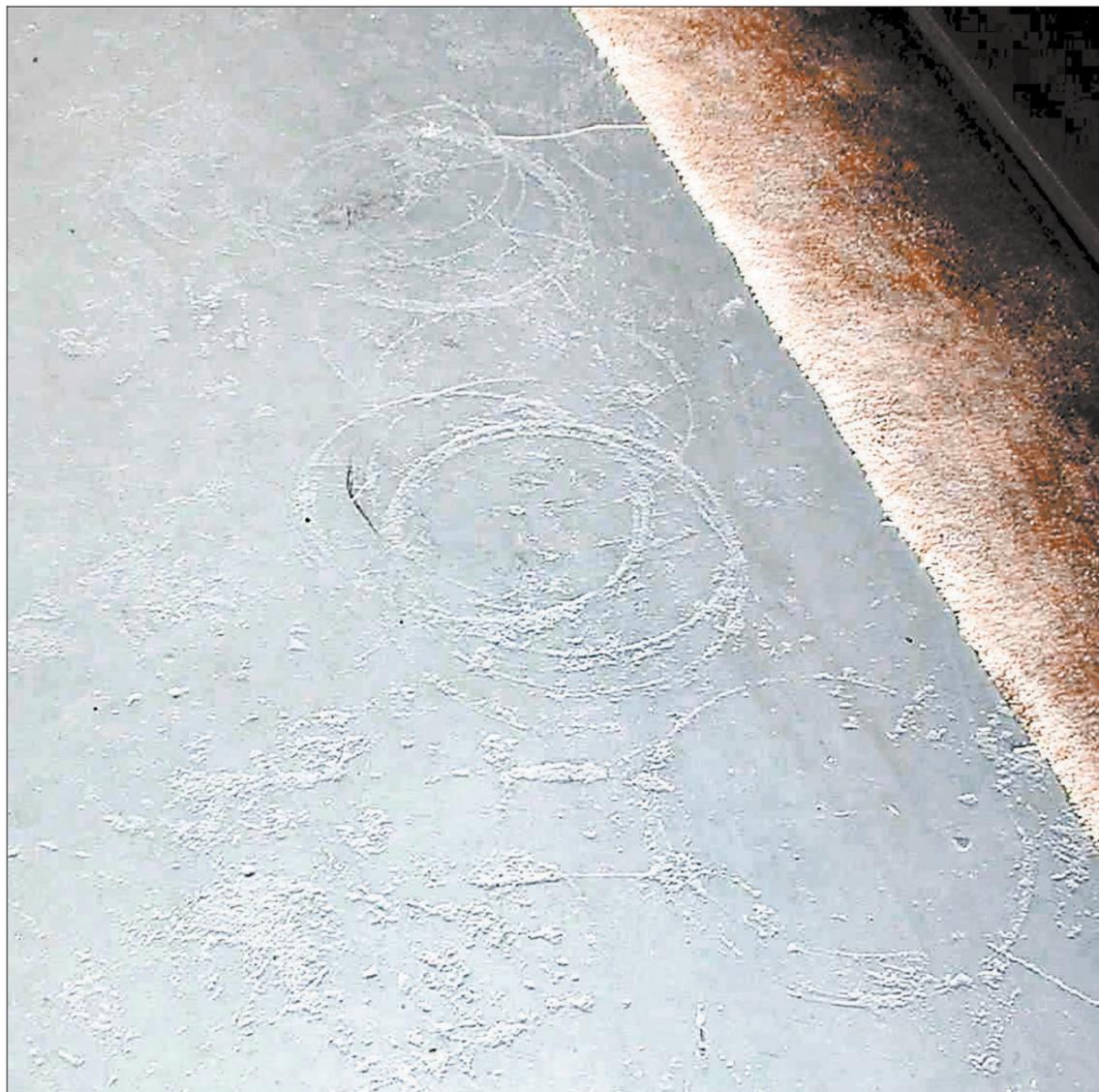


BUILDING HOMES
BUILDING PROBLEMS



DAN TRACY/ORLANDO SENTINEL

Problems in garage. Bali and Jose Quinones were angry when they discovered that construction workers placed buckets on wet cement and left circles on the floor at their home in south Orange County.

PART 4

Top builders downplay homes' flaws

Spokesman: Errors minor or due to poor maintenance

By DAN TRACY
SENTINEL STAFF WRITER

Bali and Jose Quinones paid Centex Homes \$183,000 to build their home, the place where they sleep, cook their meals, watch television, go swimming in the backyard pool.

It is their most prized and expensive possession. For Centex, it was just one of more than 20,600 "units" constructed nationwide during 2001, a year of record earnings for the company.

The Quinoneses moved into their "unit" during August 2001. They subsequently discovered a leaky window and door that resulted in mold in the front room, cracks in the exterior stucco walls and swimming-pool deck, and circular imprints in the garage

floor from buckets left on wet concrete.

"This is the poorest quality," Bali Quinones said.

The Quinoneses' home in south Orange County is typical of the 18 Centex-built houses inspected by the *Orlando Sentinel* and WESH-NewsChannel 2 during a yearlong investigation into the quality of new-home construction in Central Florida.

Centex, which refused repeated requests for interviews or comment, averaged more problems per house — 9.2 — than any of the other major production, or tract, builders in the survey of 406 randomly selected homes built during 2001. It is the first statistically valid study done of new-home construction in Florida and likely the nation.

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BUILDING HOMES BUILDING PROBLEMS



PART 4

ROBERTO GONZALEZ/ORLANDO SENTINEL

No flooring. Laura Prentiss and her 2-year-old daughter, Cassandra, walk in a kitchen where the wood-laminate floor was damaged by water that leaked in from 2 windows. The builder left the concrete exposed while making floor repairs.

east and Western United States, is owned by George Wimpey PLC, a home builder based in the United Kingdom. Morrison built almost 3,200 homes last year, earning a profit of more than \$80 million for Wimpey, its annual report shows.

The other major production builders in the survey — Engle, Maronda, David Weekley and Pringle — are privately held, meaning they do not have to reveal financial data or the number of houses they built.

There's little doubt they are making money, though. The entire industry, Weaver said, is doing well, particularly in strong-growth areas such as greater Orlando.

Workers hard to find

That success has resulted in a building boom never before seen in the area. There's so much work that builders constantly complain about the scarcity of skilled labor. About 50,000 people work in residential construction in Central Florida; as many as 400 jobs a day go unfilled.

Many of the workers literally are recruited off the streets and learn on the job, builders concede. And that, critics say, leads to poor workmanship. But because of another profit center for production builders — mortgage loans — buyers lose a key bit of leverage to force repairs.

Homeowners interviewed by the *Sentinel* and WESH often complained about the reluctance of builders to repair flaws after they moved in. To avoid that, real-estate attorneys recommend holding money back at closing and releasing it only when the faults are corrected.

But many new homeowners finance their production homes through subsidiary companies of the production builders and must close on the entire loan when the house is ready for occupancy, regardless of whether they are satisfied.

Annual reports show that financing mortgages is becoming a big business for the builders.

Centex made 85,000 loans totaling \$14 billion during the past year, including new as well as refinanced mortgages. Its financing arm earned profits of \$161 million.

Lennar made \$6 billion in loans last year. It did not break out the profit margin.

Ryland closed on more than 10,000 loans last year worth \$1.85 billion but did not disclose profits. M.I. Homes made more

than 3,300 loans and resold them to mortgage brokers, posting profits of \$10.5 million. Wimpey did not disclose mortgage profits for Morrison.

Shortcuts common

The big money, though, remains in the sale of the house. And to keep profits up and costs down, production builders keep a tight rein on labor costs.

The builders typically have small full-time staffs consisting of office help, salespeople and several superintendents to watch over the work of the subcontractors who actually pour the concrete, lay the block, install the wood framing and generally build the house.

Those supervisors, subcontractors complain, continually push them to work faster in an effort to complete the house and move on to the next.

"There's a lot of shortcuts going on out there," said Richard Taylor, a veteran framing subcontractor who said he stopped working for tract builders because the pay was too low and the pace too fast.

The constant emphasis on production causes many more-experienced, higher-quality contractors such as Taylor to work for smaller, custom builders or commercial and industrial contractors.

Scott Welker, who owns an electrical company that works in Orange, Seminole and Lake counties, said the production builders offer him an average of 20 percent less than commercial or custom builders. The only way to make money on new homes, Welker said, is to work rapidly, greatly increasing the probability of mistakes.

"You've got quality and price and speed. Which two of the three do you like?" said Welker, who concentrates on commercial and custom work.

Bali Quinones, meanwhile, is not happy with her 2-year-old Centex home. The 55-year-old homemaker said she complained from the start about what she perceived to be the slipshod way workers were building her house, but the workers and the Centex supervisor ignored her. They told her, she said, that her complaints were unfounded.

Looking at a new crack that has developed in the decking around her pool, she said, "It's pretty upsetting."





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BUILDING HOMES
BUILDING PROBLEMS

Homeowners eager to talk about flaws

PART 4



ROBERTO GONZALEZ/ORLANDO SENTINEL

Upset. Judy and David Ley point out moisture problems outside their home in DeBary. The couple, who moved in in May, are so upset they had a sign reading 'Beware of house' in their front yard. 'I'm just sick and tired of this,' said Judy Ley.

Subdivision residents sought out reporters and even put up yard signs.

By DAN TRACY
SENTINEL STAFF WRITER

Todd Awada leans against the island counter in the kitchen of his \$236,000 house and it moves with him — because it is not anchored to the floor.

This is in the kitchen that still lacks a ventilation fan, amid rooms with crooked walls, under a wavy roof.

Walking into a bathroom, Awada points to the wall next to the commode. There's no toilet-paper dispenser.

"This really bothers me," he said. Awada lives in the Estates at Summer Lakes, an upscale subdivision of nearly 100 homes in southeast Orange County, where many owners are angry at the

builder.

About 35 miles to the northeast is the moderately priced Springview subdivision in DeBary in Volusia County, where residents are also unhappy with their builder.

"You don't want to know your house is going to slowly fall down or tear apart," said Mary Lankford, pointing to cracks in her living-room wall that continue showing up despite six repairs.

The Estates and Springview were chosen for a closer look by the *Orlando Sentinel* and WESH-NewsChannel 2 after a house in each subdivision was inspected during the first statistically valid home-construction survey done in Florida and perhaps the nation.

The visits by inspectors prompted other homeowners from each subdivision to call the newspaper and television station, pleading for reporters to take a look at the quality of their homes. In response to the intensity of their unhappiness — and the

litany of problems they cited — reporters visited both subdivisions. No such appeals came from any other neighborhood visited by inspectors.

In Springview, homeowners put protest signs on their lawns, complaining about the condition of their homes. In the Estates, owners started a petition drive demanding repairs that was signed by 8-10 people before it was handed over to the builder, said Estates resident Pam Young. In both, residents would stop a reporter on the street to deliver an earful of complaints.

Higher cost didn't help

Expensive or affordable, price can make little difference in the quality of a new home, a yearlong investigation by the *Sentinel* and WESH found.

Inspectors who checked 406 homes

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BUILDING HOMES BUILDING PROBLEMS

PART 4



BARBARA V. PEREZ/ORLANDO SENTINEL

Unhappy resident. John Phillips says there is no mortar between the concrete blocks under the bedroom window in his DeBary home. Phillips says he has lived with a 10-by-14-inch hole in the drywall for more than a year. He cut the hole to check on a leak.

built during 2001 discovered the same problems in \$100,000 houses as in those costing close to \$2 million.

That's not surprising, said Ron Resch, a private building inspector and paid consultant to the *Sentinel* and WESH. The key to a good home, he said, is not price, but a committed, experienced builder or supervisor who ensures that the thousands of components that go into a house are installed correctly.

"They have to know what they're doing and care about it," Resch said.

The Estates at Summer Lakes and Springview, with 161 homes, have little in common except the complaints of their residents.

Prices at the Estates start around \$250,000 and run to \$400,000; Springview prices begin in the low \$100,000s and top out near \$200,000.

The Estates was developed by Landstar Homes, a Texas-based company that says on its Web site it has built nearly 10,000 homes in Central Florida since the late 1970s. It now is building in seven communities. Landstar was ranked last out of 29 major house builders in the most recent J.D. Power survey of homeowner satisfaction in greater Orlando.

Springview was developed by Cosmopolitan Homes, a DeBary company that has built thousands of houses since the mid-1950s. It now is building in six subdivisions spread between DeBary and Lake Mary. Cosmopolitan wasn't ranked in the J.D. Power survey.

Despite five telephone calls and a certified letter to each company, neither would comment.

Growing unhappiness

At the Estates, Awada said he has been complaining to Landstar for months. Besides his island and his missing toilet-paper dispenser, he said he is upset about crooked walls, a wavy roofline, an inoperable garage-door opener — and a stove that's still without a ventilation system.

Landstar has sent workers twice to install a ventilation hood over his stove. But Awada said he thought their work was sloppy, and he stopped it. He is waiting for Landstar to return.

"I can't take it anymore," said Awada, who owns an appliance-assembly company. "I've had it. If I could get out, I would."

Other Estates residents with problems include Alvin and Ladyann Estacio — they

said it took Landstar 18 months to install the right front doors and the correct stone façade for an entertainment center — and Pam and Nate Young, who had Landstar repair leaky windows and kill an infestation of termites 18 months after they moved in.

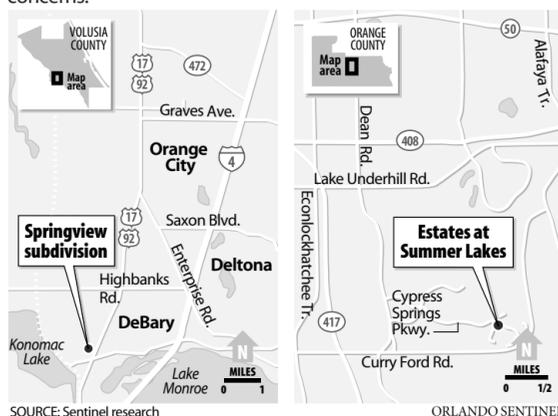
Then there is Tatiana Murapyan, who lives a few doors from Awada. She said every window on the front of her \$300,000 two-story home leaked when she moved in last December. Landstar repaired them four times before the leaking stopped, she said, and took four months to fix a drain in her master shower.

"I bought this house. It was my dream," she said. "My heart is broken."

Growing list

PRICE MAKES LITTLE DIFFERENCE IN QUALITY

Residents in the moderately priced DeBary subdivision of Springview put signs in their yards complaining about the quality of their homes, while homeowners at the more expensive Estates in Orange County sent a petition to their builder listing their concerns.



SOURCE: Sentinel research

ORLANDO SENTINEL

who paid \$134,000 for the three-bedroom, two-bath house.

Like his neighbor across the street, Frank Cammarata, Braun also was shorted 30 30-pound bags of insulation in the attic, *Sentinel* and WESH inspectors discovered. The extra insulation was added to both homes after the homeowners complained to the subcontractor responsible for the work.

Samuel Cypert, a spokesman for Berns Insulation in Daytona, said he was not sure why the houses were shorted, but added, "If they're not happy with it, we fix it."

Cammarata, a disabled construction engineer, has a four-page list of problems with his \$171,000 home. They range from a flooded back yard to wavy walls to having to repaint parts of his house that faded a few months after he moved in.

"It's less headache to do it yourself, even though you paid an exorbitant amount for your house," he said.

Neighbor John Phillips has lived with a 10-by-14-inch hole in the drywall beneath a bedroom window for more than a year.

The window was leaking, and he removed the drywall to see what was causing the problem. There's no mortar visible between the blocks. Phillips maintains that the absence of mortar and a poorly set windowsill caused the leak.

Cosmopolitan, Phillips said, has not fixed it. "I get aggravated and very angry whenever I think about it," said Phillips, a district auto-parts manager who paid \$154,000 for his three-bedroom, two-bath house.

A few blocks from Phillips is phase two of Springview, a newer subdivision where homeowners are disappointed, too.

David and Judy Ley are so upset they had a sign in their front yard reading "Beware of house." They moved into their \$192,000 two-story home in May and say they have encountered nothing but problems.

The four columns on the front porch were not sealed properly, and rainwater caused the stucco and stone exterior to crack and split. The thermostats for the two heating and cooling zones were backward, meaning the upstairs was controlled by the downstairs and vice versa.

"I'm just sick and tired of this," said Judy Ley, a 44-year-old interior designer.

'I bought this house. It was my dream. My heart is broken.'

— TATIANA MURAPYAN
ON PROBLEMS WITH HER \$300,000 HOME

