

Homeowners Finally Getting Repairs In Drywall Debacle

Cain Burdeau, Associated Press

NEW ORLEANS (AP) — A pilot program to fix homes that were built with tainted drywall made by a major Chinese manufacturer is progressing well and will likely expand, a federal judge said Thursday.

U.S. District Judge Eldon Fallon said a test program to repair up to 300 homes in Florida, Louisiana, Alabama and Mississippi made with drywall made by Knauf Plasterboard Tianjin Co. appears to be on the right track.

"It looks like it is working and expanding," Fallon said during a court hearing on the status of wide-ranging litigation in state and federal courts against Chinese drywall makers. Fallon presides over consolidated claims against Chinese companies.

Thousands of homeowners, mostly in Florida, Virginia, Mississippi, Alabama and Louisiana have reported problems with the Chinese-made drywall, which was imported in large quantities during the housing boom and after a string of Gulf Coast hurricanes.

In October, plaintiffs' lawyers and Knauf announced that they had reached a deal to fix homes that had been made with Knauf drywall. Knauf agreed to replace drywall, wiring, fire and alarm systems, and fixtures in damaged homes.

Lawyers say between 2,000 to 3,000 homes built with Knauf's drywall might be fixed under the deal if the pilot program is successful.

Steven Glickstein, a Knauf lawyer, said companies throughout the supply chain — suppliers, builders, insurers and others — are agreeing to pay shares of the cost of fixing homes. He said 80 homes have been inspected and will undergo repairs soon.

He said Knauf also was prepared to consider compensating homeowners who went ahead and paid to remove Knauf drywall on their own. Such homeowners would have to prove that their homes were built with Knauf drywall and ask for "a reasonable price" for compensation, he said.

Among those homeowners is Sean Payton, the coach of the New Orleans Saints football team, his lawyer, Daniel Becnel, said.

Russ Herman, a lead plaintiffs' lawyer, said repairs to some homes might be under way by Christmas. The repairs are expected to take about three months and cost between \$40 and \$60 a square foot. Knauf and the other companies face a price tag of \$30 million to \$45 million to fix the 300 homes, not including the cost of temporary housing for the homeowners.

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The drywall in question has been linked to corrosion of wiring, air conditioning units, computers, doorknobs and jewelry, along with possible health effects. The Consumer Product Safety Commission has said preliminary studies have found a possible link between throat, nose and lung irritation and high levels of hydrogen sulfide gas emitted from the wallboard, coupled with formaldehyde, which is commonly found in new houses.

In October, Fallon said he was optimistic the deal could resolve most property damage claims against Knauf.

Still, the deal does nothing for thousands of other homeowners with drywall made by other Chinese companies. Lawyers say there could be as many as 10,000 other homeowners whose homes contain drywall made by other companies that have largely ignored lawsuits filed in U.S. courts.

Fallon already has ruled in favor of plaintiffs and ordered extensive remediation in Chinese-drywall tainted homes.

In April, Fallon awarded more than \$164,000 to a Louisiana family whose home was ruined by drywall made by Knauf Plasterboard and said the home needed to be gutted. Knauf argued the family's home could be repaired for less than \$59,000.

Earlier that month, he awarded \$2.6 million to seven Virginia families whose homes had been ruined by drywall made by another Chinese manufacturer.

So far, Fallon's rulings only have covered property damage and haven't considered possible health problems.

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