

A Tale of Two Lawsuits:

Construction Defect Litigation (CDL) is a significant drain on a residential homebuilder's profit margin...they say that's the cost of doing business. But it doesn't have to be so.

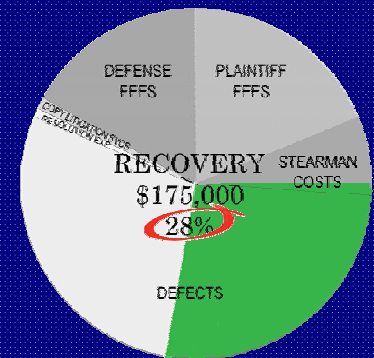
THE CHALLENGE: Due to the litigious environment in several states, a well-known, national, Fortune 500 homebuilder suffered several **costly construction defect lawsuits**. The company spent nearly \$21 million dollars per year defending various claims. Efforts to pose an effective affirmative defense were made harder because necessary documentation were scattered over several offices, storage facilities and even at multiple subcontractor locales. The company needed to **reduce their exposure to lawsuits** while **increasing cost recovery** through insurance payments when lawsuits occur.

THE ISSUE: The inability to identify and track down key documents cost this builder hundreds of thousands of dollars and made each lawsuit a costlier proposition. It is proven that *without good documentation, regardless of settlement, builders lose*. Poor documentation caused this Fortune 500 builder to **lose more than a quarter of a million** dollars in one project alone. They could only recoup 28% of their legal investment through insurance. However, after implementing a process of proper document management, the builder showed significant improvement. The next time they went to court (in a similar-sized case), **they recovered 77% of their cost; \$285,000 more kept on the bottom line.**

THE SOLUTION: Effective document management is much more than simply storing key documents. This builder realized that the process needed to ensure that every document for every community was **identified, organized and screened for completeness and easily accessible**. With a better documentation solution, the builder strengthened compliance and realized a **significant reduction in legal expenses**. They could now respond to a homeowner's "right to repair" issues quickly, accurately and efficiently....without going to court. But, when faced with a legal battle, their documentation preparation opens the door to greater cost recovery.

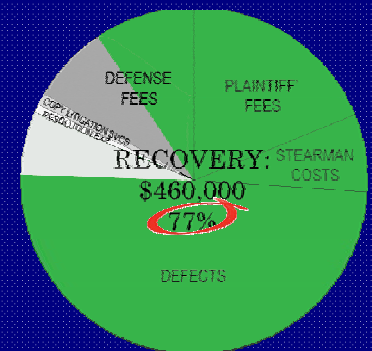
Ask Master Manuals about **Master Archives**...our online archiving solution that can help you reduce risk and help you defend CDL and maximize warranty recovery!

Lawsuit A: Poor Documentation
Case Cost \$624,085
Recovery: \$175,000



 Recovery Percentage

Lawsuit B: Good Documentation
Case Cost \$599,182
Recovery: \$460,000



\$285,000 more recovered...

"Claims where I don't recover costs are the ones that have poor documentation."

-Risk Manager: Fortune 500 Homebuilder