
SNUG SPOT MEDIATION

General Information for the Mediator and the Parties

Snug Valley is a 6-unit condominium building at the base of a hilly region, 12 miles outside of a major city. Thus far, claimant Loren Lichter is the only unit purchaser. Lichter purchased during the construction phase and moved in as soon as their unit was finished. The remaining units are still owned by the corporate defendant, Sumptuous Villas Corp., which is wholly owned by the project's architect/general contractor Sam Vanderman. In the aftermath of several rainstorms, a month after Snug Valley's completion, its basement level flooded, ruining the common area laundry machines and Lichter's home office and personal property in the lower level. Lichter filed claims against Sumptuous Villas and Sam Vanderman for \$1+ million, to cover the loss of the damaged property, diminished value of their unit (assuming the lower level can no longer be used for living/office space), misrepresentation regarding the building's habitability, and emotional distress.

The condominium association (of which Lichter and Sumptuous Villas were the only members) had purchased insurance, but the insurer has denied the claim based upon the building's defects. The insurer's investigator found that Snug Valley was constructed at the base of a hill, with ground floor units below grade, and the basements even lower. The city's normal storm drainage was not designed to protect below-grade construction in heavy rains. The insurance company maintained that had these flaws been disclosed in the insurance application, they would not have issued the policy.

Based in part upon the insurer's report, Lichter's claims against Sumptuous Villas and Vanderman are for negligence in the design, location, and construction of the Snug Valley condominiums. (As owner of five units, Sumptuous Villas holds five out of six condominium association votes, and chose not to sue itself.) Vanderman and Sumptuous Villas deny all allegations of negligence.