



**APPELLATE COURT RULES THAT McCUNEWRIGHT'S  
GROUNDBREAKING HOMEBUILDER MORTGAGE FRAUD  
CLASS ACTION LAWSUITS CAN PROCEED**

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On September 21, 2011, the United States Court of Appeals for the Ninth Circuit, reversed the decision by United States District Court Judge Virginia A. Phillips to dismiss the mortgage fraud class action lawsuits brought by McCuneWright, LLP, on behalf of homeowners who made at least a 20 percent downpayment when purchasing their homes from national homebuilders Centex Homes, D.R. Horton, Inc., Richmond American Homes, Lennar Corporation, Beazer Homes USA, Inc., Shea Homes, Inc., and the Ryland Group Inc..

The lawsuits claim that these homebuilders sold new homes without disclosing that they were financing and filling their neighborhoods with unqualified subprime buyers. The homeowners claim that the high number of sales and financing to subprime buyers resulted in the qualified homeowners paying inflated prices for their homes and subsequently suffering greater loss of value than other more stable neighborhoods. This decision allows the lawsuit to go forward in which homeowners seek damages for the inflated prices they paid for their homes, as well as to force the homebuilders to buy back the homes at the price paid by the homebuyers. The decision could potentially affect tens of thousands of homeowners in California, and throughout the United States.

This case has received extensive attention by the national press and the appellate oral argument in the case was televised by C-Span. The decision has significant ramifications for the affected homeowners as well as the homebuilders. According to Richard McCune of McCuneWright, LLP, in Redlands, California, lead trial counsel for the homeowners, "this decision allows homeowners that have been devastated by the undisclosed subprime mortgage practices of their homebuilders a chance to prove that these builders conceived and carried out a systematic fraudulent scheme to inflate the prices their homes for their own profit, and to the homebuilders accountable for the consequences of that fraud."

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