

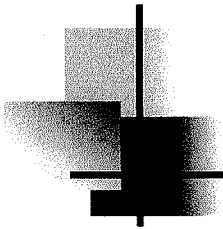
# **SUBSEQUENT OWNERS**

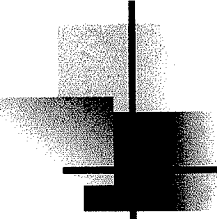


# Limited Rights of Subsequent Owners of Defective Property

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- Where previous owners of an office building brought suit for improper design and construction defects against the architect and contractors of the building, subsequent owners cannot bring those claims again. (*Krusi v. S.J. Amoroso Construction Company*, 81 Cal. App. 4th 995 (2000).)
- In *Krusi*, the fourth owner of an office building experienced worsening leaks in the decks and deteriorating underlayment due to original defective design and construction.
- The issue in *Krusi* was when a cause of action for construction defect accrues, and who owns it.

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- The Court of Appeal rejected, in part, its holding in *Keru Investments, Inc. v. Cube Co.*, 63 Cal. App. 4th 1412 and reaffirmed another part of its ruling.
  - The Court in Krusi rejected the notion that whether or not a developer intends to sell its property, influences whether or not the developer can be liable to the ultimate consumer.
  - The Court in Krusi reaffirmed the idea that a cause of action for damage to real property accrues when the defendant's act causes immediate and permanent injury to the property, or when there is actual or appreciable harm to the property.

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- Therefore, a cause of action accrues, under Krusi, to an owner when he suffers harm because of the inadequacy of a building design.
  - Without the owner's clear intention to transfer that cause of action, it is not transferred to a subsequent owner.
  - In Krusi, the leakage that the subsequent owner experienced was seen as basically the same problem that the first through third owners of the property had dealt with.
  - In fact, the original owners had originally brought a claim against their architect many years before. Therefore, the plaintiff in Krusi had no standing to sue.

