

# Liability for Construction Quality in Russia

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**Natalia Zhilnikova** (CTC St. Petersburg, Russia)

**Anna Kazina** (CTC St. Petersburg, Russia)

**Julia Peleikis** (Baltic Environmental Forum Germany)

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## 1. Introduction

As in other countries of the former Soviet Union, energy efficiency in the housing sector is very low in Russia. This is not only the case for older buildings, but often also for newly constructed ones. Besides lower technical standards one reason for this problem can be non-sufficient quality of the implemented works.

Homeowners in Russia are often not aware on what they can do, in case they detect a defect in their new apartment. The construction of a new building involves several parties and it might not always be clear, who actually can be made liable for defects. Also, the procedures might seem difficult and not transparent to homeowners. Consequently, owners often decide to eliminate the defects themselves or – in case of minor problems – just live with the defect.

In the context of the ARCEE project, a research was conducted on the issue of liability in the construction sector. Besides the question, who are the involved actors and who is responsible for the building quality, it was tried to find out, what an owner can do if he notices defects and if defects in the building quality have been topic of court proceedings in the recent past. Finally, a summary of the current situation with regard to insurances against liability claims is provided.

The information compiled in this paper should help to develop awareness raising material on the rights and possibilities regarding construction defects targeted at homeowners. An increased awareness of homeowners on these issues and increased claiming of consumer rights might contribute to a higher building quality, including increased energy efficiency.

## 2. Actors involved in a new construction and their main responsibilities

The main actors involved in the construction of new buildings are:

- the building owner,
- the general contractor,
- the developer (building company),
- the designer (architect).

The **general contractor** usually carries out works on all stages of the building construction, starting from the development of design estimates to the quality control. His exact tasks are determined in a contract with the building owner. The general contractor may execute all works on his own, or can involve subcontracted designers (architects) and developers (building companies).

Once the newly constructed building is ready, the **developer** (or in case no developer is involved the general contractor) requests from the federal authority, the executive body of subject of the Russian Federation, the responsible local authority or an authorized organisation the building permission. This can be done either directly or through a multi-purpose centre for issuing permits for facilities to operate.

**Local governments** therefore are involved in urban development and construction activities in so far, as they issue building permits and permits putting facilities into operation after the construction, reconstruction or overhaul of capital construction in the territory of their responsibility.

### 3. Putting a newly constructed or reconstructed building into operation

In order to take a decision with regard to the question whether a building can be put into operation, the responsible authority requires the following three different documents:

- (1) the building permit,
- (2) a document confirming that the constructed/ reconstructed object of capital construction satisfies the requirements of technical regulations and is signed by the general contractor,
- (3) a document confirming that the parameters of the constructed/ reconstructed object of capital construction satisfy the project documentation, including the requirements regarding energy efficiency and the use of energy metering devices, signed by the general contractor, the developer or in case the construction/ reconstruction was done on the basis of a contract by the technical customer.

After having completed the construction, the person performing the construction must submit the requested documents, such as the results of the engineering survey, the project documentation, and the examination certificate to the developer.

#### Documents needed in a construction project

##### ***Building permit***

A *building permit* is a document confirming that the project documentation responds to the urban plan of the land or the area planning design and boundary-setting plan (in the case of construction, reconstruction and linear features (e.g. transportation, communication and utilities lines). It gives the developer the right to carry out the construction and reconstruction of objects

of capital construction, except the case that the reconstruction of capital construction objects is carried out under the construction permit.

***Permission to place an object of construction into use***

*A permission to place an object of construction into use* is a document which confirms that the execution of construction or the reconstruction fully satisfy the requirements of the *building permission*, the existing constructed or reconstructed object satisfies the *Urban land development plan*, and in case of linear facilities the constructed or reconstructed object satisfies the *Area planning design* and *Boundary-setting plan* and project documentation.

## 4. Liability for building quality

According to the Articles 754-755 of the Civil Code of Russia, the financial responsibility for the quality of the constructed object lies with the general contractor and includes the requirements specified in the construction contracts. The general constructor is responsible for operating the completed construction project within the warranty period as well as for any defect of the object identified during this period.

According to national law, warranty periods may be different depending on type and result of construction work, but in any case the warranty period is determined by the law or the contract. The warranty period for shared construction is determined in the contract, but according to law it should not be less than 5 years from the date of apartment transfer to interest holders (Article 7 of the Law N 214-FZ).

In case of non-shared construction, the Article 756 of the Civil Code of Russia determines 5 years as maximal warranty period from the date of building transfer to customer, if there are no other agreements in the contract (Articles 724, 756 of the Civil Code of Russia).

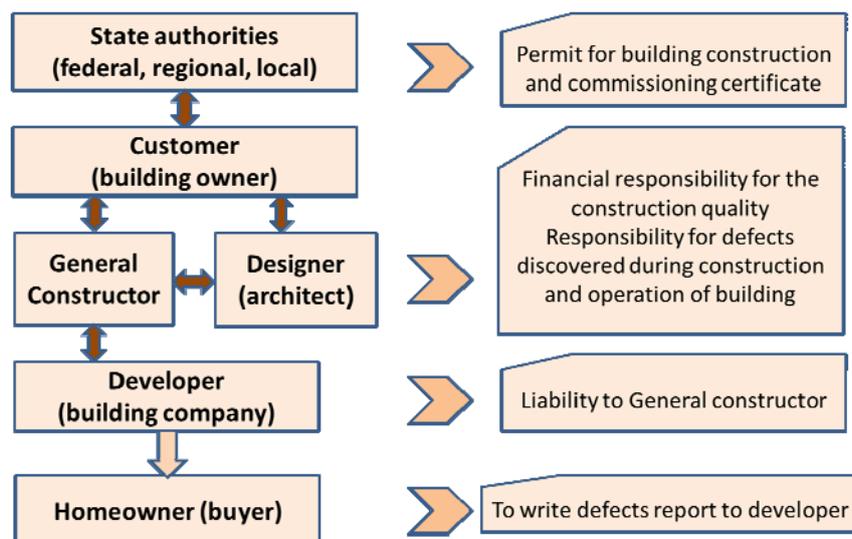
According to Article 761 of the Civil Code of Russia, additionally to the general contractor, also the designer (architect) shall be responsible for defects discovered during the construction and operation of the object. The decision who of the two parties is liable is taken by the general contractor, as he has either an own designer or has involved a subcontractor for this task.

In case of a defect, these parties shall compensate the flat owner for the defects. If they avoid the responsibility, the self-regulatory organisation (SRO) including the guilty actors will be responsible. SROs are non-profit organisations uniting business companies operating in certain industries of goods (works, services) or combine the institutions of professional activity of some kind (e.g. construction). If the SRO waives the request for responsibility, according to law, the

Russian Federation or Subject of the Russian Federation takes responsibility. However, no statistical data on real cases could be found.

The rate of compensation is established in the Administration Violations Code (Administrative Code).

The following chart shows the actors involved in construction and their responsibilities:



Source: own

## 5. What can an owner do in case of defects?

### 5.1. Shared construction

In case, the homeowner has been a shareholder in the construction, once the building is ready, he has to sign the act of acceptance. Before doing so, he has to inspect the apartment and in case he discovers defects, report them in written form. According to Russian legislation<sup>1</sup>, a homeowner has the right to make the building company liable and request from it the elimination of defects. According to experts, 5-10% of the buyers make claims to the building company. The number of persons having to deal with defects might be higher, but often consumers are not fully aware of their rights.

<sup>1</sup> Relevant legislation: the Civil Code, the Federal Law 214-FZ of 30.12.2004 "On participation in the shared construction of multi-dwelling houses and other real property", and the Law "On protection of consumers' rights"

All claims shall be written down in the presence of a commission consisting of the owner, a representative of the general contractor or developer (if subcontracted) and a representative of the homeowner association. All noticed defects are then included in the so-called defects list. The homeowner can require either the elimination of defects on the costs of the developer, ask for a reduction of the apartment price or eliminate the defects on his own and ask for a reimbursement of the costs. If the construction company refuses to eliminate the defects, the homeowner can turn to the court, explaining that the State Commission adopted this building.

The time for the elimination of defects depends on their scale. If no other period is set in the contract between developer and homeowner, according to the law "On protection of consumer rights" the developer is obliged to make the requested changes within 45 days.

If the developer does not eliminate the defects within this period, the buyer has the right to reduce the apartment costs by 1% per day of delay. If the house is bought as a shared construction and the developer does not eliminate the defects, the buyer can also request the costs paid for the apartment to be returned. In this case, the developer will also have to pay back the rated for using the money in accordance with the refinancing rate of the Central Bank.

If the developer refuses to eliminate the detected defects, justifying his position that the defects occurred not from any fault of his own, it is better for a homeowner to get advice from a lawyer. An experienced lawyer can tell whether the reasons mentioned by the building company are justified or not. However, as the respective legislation is rather new, only few lawyers who have bigger expertise in this field and can provide good advice.

Disputes between investors/ individuals and developers regarding the elimination of construction defects in built apartments are in general considered by the courts of general jurisdiction. In most cases, decisions are taken in favour of citizens, but of course the judgement depends on the particular situation. For example, if the demands of the homeowner are legitimate, but declared in violation of the statute of limitations, the claims will be denied for procedural reasons. In general, the number of people going to court is rather small as mostly developers tend to solve such disputes without the intervention of third parties.

If the customer has signed the act, he confirms that the apartment is without of any defects. Therefore it would be very difficult to prove something even in the court. In this case, the homeowner should eliminate the defects for own expense.

## **5.2. Non-shared construction**

If the customer buys an apartment in a new building, he should inspect the flat before signing the contract with the seller. In case of noticing defects he can decide to not sign the contract and can disclaim from buying. If the homeowner detects defects after buying the apartment,

according to the Civil Code (the Chapter 30) and the Law “On protection of consumers’ rights”, his actions should be similar as in the case of shared construction (see paragraph above). The main challenge might appear if the seller and developer (building company) are different persons/ companies.

## 6. Liability claims

### 6.1. Statistics of court cases

It is not uncommon, that consumer rights are not respected in construction. In the period from 2010-2013, 19 court cases on questions concerning the quality of construction were announced by the Court of First Instance in St. Petersburg and the Leningrad region. The main topics of the court cases were delays of construction terms of multi-dwelling buildings or defects found in new apartments. In ten court cases a decision was taken in favor of the consumer claims, in seven court cases the consumer claims were partially satisfied, and two disputes were finished by an agreement between homeowners and the construction company.

Annex 1 provides an overview on court decisions of the recent years (2010-2013) in St. Petersburg and the Leningrad region.

### 6.2. Aspects claimed and outcome of processes

The main claimed aspects in the court cases found were delays in the construction of multi-dwelling buildings and low quality of construction.

The consequences of **delayed completion of construction** are regulated by Article 28 of the Law on Consumer Protection, in accordance to which the consumer has the right to:

- assign a new date for completion of the construction work,
- demand a reduction of prices for the construction work,
- repudiate a contract and demand the full reimbursement of the invested funds.

Consumers having complaints about the **quality of construction** have the right to:

- require the correction of defects,
- demand a proportionate reduction of the price of the work performed,
- demand compensation for expenditures connected with remedial work made by the homeowner.

Moreover, there are different payments might be required by the defendant:

### Penalty

This method to enforce obligations is the most frequently used in judicial practice. The recoverability and size of penalty are provided in the law "On Protection of Consumers' Rights" (Article 332, Civil Code of the Russian Federation).

Essentially, the obligation to pay the penalty means the responsibility of the debtor to pay a certain sum of money if its obligations under the contract are unduly executed, in violation of the period of performance, or if the obligations will not be fulfilled at all.

In accordance with paragraph 1 of Art. 23 of the Law of the Russian Federation dated February 7, 1992 N 2300-1 "On Consumer Rights Protection", in case of a violation of terms, the seller (manufacturer, the authorized organization or an authorized individual entrepreneur, importer) has to pay to the consumer for each day of delay penalty equal to one percent of the good's price.

The commodity price is determined based on the price of the good, which existed in the place in which the demand of the consumer had to be satisfied with the seller (manufacturer, authorized body or authorized by an individual entrepreneur, importer), in the date when it is satisfied voluntarily or on the day of judgment, if the requirement is not satisfied voluntarily.

### Recovery of civil damages

In accordance with Art. 15 of the Civil Code, damages are expenses that the person, whose right is violated, made or will make to restore his right, loss or damage to property (real damage), as well as the uncollected income that the person would have received under ordinary business conditions if his right was not violated (lost profits).

### Compensation for moral harm

The moral harm means mental or physical suffering, caused by the actions (or inaction), invasive of belonging to a citizen intangible benefits, or violating his personal rights, property rights or violates the citizen.

To be eligible for a compensation of moral harm, all following conditions must be met:

- (1) causing of moral harm to the consumer - physical or mental suffering,
- (2) unlawful actions (inaction) of constructor who violates the moral rights of citizen,
- (3) causal link between the wrongful action (or inaction) and moral harm,
- (4) culpability of Construction Company.

According to Art. 151 of the Civil Code, the degree of guilt and other circumstances in determining the amount of compensation for moral harm are taken into account. The amount of

compensation is determined by the court. The amount of moral harm in the court cases listed in Annex 1 ranges from 20 000 to 30 000 RUB.

#### Recovery of penalty

Point 6 of Article 13 of the Law "On Protection of Consumers' Rights" determines that the court in satisfying customer requirements shall recover from the contractor (in this case a construction company) a penalty of 50% of the amount, awarded by the court to the consumer.

The court specifies that the 50% of the amount of the penalty should be transferred to a public consumer organizations, which is active for the benefit of the consumer, or to a local authority. According to Art. 333 of Civil Code this amount can be reduced.

#### Payment of the state duty

When applying to the court, one common question concerns the amount of the state duty (also called 'state fee'). The state duty is a fee for the examination of the case in court. The amount of the fee depends on the type of claim. All legal actions for construction defects can be divided into 2 groups: property claims and non-property claims. A property claim would, for example, be the claim of a consumer who wants to recover some money for repair works from the defendant. A claim in which the consumer requires from the defendant to correct the defect is of non-material, non-property nature. Who pays the state duty depends on the question who has been convicted. As can be seen in the table in the Annex, this has in the court cases found always been the defendant.

In accordance with paragraph 3 of Art. 17 of the Law "On Protection of Consumers' Rights" and points 4, 2 and 3 of Art. 333.36 of the Tax Code of the Russian Federation, consumers are freed from the payment of the state duty for all claims related to the violation of their rights, if the price of the claim does not exceed one million Russian Rubles.

The amount of required state duty differs for citizens and organizations and depends on different criteria. First, it needs to be figured out if the legal action is of property- or non-property nature. According to the Russian Tax Code (Article 333.19), for a non-property claim the required state duty is 200 Russian Rubles (RUB) for citizens and 4 000 RUB for organizations. In case of a property claim, the amount of duty depends on the amount of the claimed sum:

- For claimed sums of less than 20 000 RUB, the state duty is equal to 4% of this sum, but not less than 400 RUB.
- For claimed sums from 20 001-100 000 RUB, the state duty are 3% plus 800 RUB.
- For claimed sums from 200 001- 1 000 000 RUB, the state duty is 1% of this sum plus 5 200 RUB.

- If the claimed sum is higher than 1 000 000 RUB, the state duty is equal to 0.5% of that sum plus 13 200 RUB.

#### Compensation of court costs and costs for expertise

The claiming party has the right to ask for expertise from an external expert. There are two possibilities:

- The consumer pays the costs for the expertise and then addresses the court to recover the costs from the defendant. As can be seen in the Annex, this is common practice.
- The consumer can go to court and ask for expertise. The court then appoints an organization which shall provide the expertise.

The cost of independent expertise depends on the complexity, scope of work, and the number of measurements. They are paid by the party convicted by the court.

### **6.3. Conclusion**

The court cases found on construction related aspects in the recent years (2010-2013) in St. Petersburg and the Leningrad region (listed in Annex 1) show that the Courts of First Instance and the Arbitration Court in many cases decided in favor of the consumers. Some claims were only partially satisfied, which was mostly due to gaps in the documentation or because of the revocation of claims by the claiming party. Some court cases were finished by an agreement between the parties. It can thus be concluded, that going to court is a very effective solution when homeowner rights in construction are violated.

## **7. Insurances of companies against liability claims**

In 2014, amendments to the Law 214-FZ entered into force. These amendments identify additional requirements for construction companies, including the obligation to insure funds raised from shared construction participants. With the new legislation, it is impossible now to register a co-investment contract without an insurance which is done in one of the three ways prescribed by the law:

#### **(1) Bank guarantee:**

The new law introduces the possibility that a bank is liable for a construction project, not only during the construction, but also two years after commissioning of a facility. The amount of liability is not limited to the cost per square meter of the constructed house which make it unprofitable for banks to issue guarantees.

For this reason, banks often require high rates from developers or they just refuse to make guarantees for developers. The requirements for banks are very high: time of work is not less than 5 years, the share capital – more than 200 million roubles, capital dimension – not less than 1 billion roubles. These requirements are met by only 30% of the banks. Due to its conditions this type of insurance is not very often used.

### **(2) Society of mutual insurance of the builders:**

The Federal Law of November 29, 2007 N 286-FZ "On Mutual Insurance" provides the possibility of specialized non-profit mutual insurance societies. Such societies are specialized insurance companies created as non-profit partnerships and engaged in only one type of insurance - liability insurance for builders. These insurance societies insure only its members. Except from the insurance rate, the society members also pay admission and membership fees. In case of insufficiency of the society, its members are liable for its debts. The disadvantage of these societies are the high entrance fees (500 000 Russian Roubles) and the unlimited liability of the members of the society for its debts.

### **(3) Classical insurance:**

The classical insurance is considered to be the best option for insurance as there are no entrance fees required like in the society of mutual insurance, and a company can choose from all insurers that are licensed for this type of insurance which are currently about 30 companies. In the following, some details about this type of insurance are provided:

#### Insurance object

The developer insures its financial responsibility towards the participants of shared construction for the case that he does not perform or improperly performs his obligations.

#### Insured risk

The insured risk of an interest holder can be any violation of his rights in a construction project. Payments a developer can be asked to do are the amount of the refund submitted to the builder, a compensation for losses, penalties for delay, etc.

#### Obligations of the construction company

The obligations of the developer/construction company include the following aspects:

- The construction company is obliged at his own expense to make a liability insurance for the case of non-performance or improper performance of the obligations agreed on in a contract. The construction company has to do this before the state registration of the contract concluded with the first participant of shared construction.

- The construction company also has to inform the participants of the shared construction about the insurance rules and provide information on the insurance organization.
- The construction company has to register the Agreement of Participation in Shared Construction in Federal Service for State Registration, Cadastre and Cartography (Rosreestr) as the insurance contract can be concluded from the date of state registration in Rosreestr and operates under the date of transfer of the constructed building.

#### The amount of insurance payments

The minimum insured amount under an insurance contract is calculated based on the price of the contract and cannot be less than the amount calculated based on the total area of the premises to be transmitted to the participant in shared construction and the average market value of one square meter of housing area in the Russian Federation, which is defined by a special federal executive authority on the date of the insurance contract. Currently, the method for calculating the minimum insured amount is under preparation.

The new requirements regarding liability insurances can be regarded as real support of participants in a shared construction which may put an end the activities of unscrupulous or economically weak construction companies. However, there are fears that the good intentions of the state will be at the expense of citizens. Experts in the field of insurance expect that the introduction of obligatory insurances may cause a rise in apartment prices of about 3-5%.

Moreover, it is expected that due to these new requirements the structure of the housing construction market will change: the share of large companies will rise as the cost of insurance depends on the size of the construction company. The financial stability of large companies is higher which means for a lower needed insurance sum. As a result, larger companies can offer lower prices, saving money on the insurance. For smaller companies there is the risk to be left without an insurance: banks can refuse to issue a bank guarantee to these companies and insurers require a higher amount of insurance from them, which finally makes the construction unprofitable for smaller construction companies.

## **8. Conclusion**

The Russian legislation clearly defines the liability on construction quality and the rights of consumers in this context. The research on court cases in the past years showed that the possibilities of homeowners to win a lawsuit and receive money for eliminating defects are quite high. However, consumers are often not aware of their rights and the not bad chances to win a



case if the documentation of defects is properly done. Even if the buyers of a new apartment built as a shared construction know about their right to not accept the apartment, some defects are difficult or impossible to notice before signing the act of acceptance as they become visible only when living in the apartment. Awareness raising on how to accept an apartment correctly paying due attention to potential problematic parts of the construction and sources of later defects would be very helpful to address this problem.

The new requirement for developers/ building companies to make an insurance on their construction activities protects construction companies from the risk of not being able to pay liability claims and reduces the risk of homeowners to not have the damages in their flat being eliminated. However, there is the risk that construction companies pass the costs for the insurances on to their customers and due to that apartment prices might increase by 3-5%.

## Annex

### Brief overview of lawsuits on consumer protection with regard to building construction in St. Petersburg and Leningrad region 2010-2013<sup>2</sup>

	<b>Court case number, date</b>	<b>Claimant and defendant</b>	<b>Brief description of the court case</b>	<b>Court decision</b>
1	Court decision made by Kalininsky District Court of St. Petersburg by 26 August 2010	Lawsuit against the construction company on protection of consumer rights, for recovery of damage and compensation for moral harm.	<p>Defendant has accepted obligations for the construction of townhouse for claimant.</p> <p>After acceptance of the apartment by claimant, it is identified latent defects, resulting from improper construction of the roof, which caused the flow and prevent of living in an apartment.</p> <p>Repeated appeals to the defendant to repair the roof left without satisfaction, repairing roofs made at the expense of the claimant. The homeowner also claims compensation for moral harm.</p>	<b>Claim is fully satisfied.</b> Construction company shall reimburse the cost of the works and shall pay compensation for moral harm, the costs of expertize, as well as the defendant shall pay the state duty and penalty.
	Cassation ruling made by Saint-Petersburg city court N 33-15227/2010 by 11 November 2010		The developer filed an appeal to reverse a court decision, because it is unlawful and unfounded.	The Court rejected the developer's appeal without satisfaction.

<sup>2</sup> Table is based on the claims pending in the courts of St. Petersburg and Leningrad region for 2010-2013. For the table it is used closed legal base Consultant, as well as a base of arbitration cases of the Supreme Arbitration Court of the Russian Federation.

	<b>Court case number, date</b>	<b>Claimant and defendant</b>	<b>Brief description of the court case</b>	<b>Court decision</b>
2	Court decision made by Court of Tosno, Leningrad region by 22 May 2012	Lawsuit of homeowner to limited society "Construction management" on consumer protection.	<p>Consumer identified defects in quality of construction works, specifically glazing of façade is freezes on perimeter of opening parts of windows, indoors frost is formed; evacuation exit on the roof is insufficiently heat-insulated and encapsulated, resulting condensation (inside the apartment) are covered in the evacuation exit.</p> <p>Representative of the defendant oppose the consumer's claims.</p> <p>Hereafter, the plaintiff stated renunciation of suit regarding requirements for compelling the defendant to produce works to eliminate defects and material weaknesses in the quality of construction works associated with bad heat-insulating and encapsulating of the exit on the roof within 5 calendar days from the date of entry into force of the court decision.</p>	<p><b>The claims are partially satisfied.</b></p> <p>Recover from the defendant to the plaintiff penalty and compensation for moral harm, court costs, as well as the state duty in behalf of budget of Tosno municipality.</p> <p>Refuse to satisfy part of the lawsuit.</p>
	Judicial decision of Leningrad region court N 33-3586/2012 for appeal petition made by 1 August 2012		The developer filed an appeal to reverse a court decision.	The court uphold the previous decision, appeal petition is not satisfied.
3	Decision of the Court from Nevsky District Court of St.Petersburg on the case N 2-569/11 by 14 October 2011	Lawsuit from the homeowner to the limited society "Rosstro" about compelling to execute piece of work and to compensate the lesion.	<p>Lawsuit by the owner of the flat, which constantly leaks occur due to the defects in construction works.</p> <p>Homeowner requests recover from the defendant compensation for damage (as a result of flood in her flat), court costs, costs of the fee payment, the cost of paying expertize and expenses for payment transfer.</p>	<p><b>The claims are fully satisfied.</b></p> <p>Construction company shall organize repair within six (6) months of receiving law put.</p> <p>The company shall pay the court costs, costs of the fee payment, the cost of paying expertize and expenses for payment transfer.</p>

	<b>Court case number, date</b>	<b>Claimant and defendant</b>	<b>Brief description of the court case</b>	<b>Court decision</b>
	Cassation ruling of St.Petersburg City Court N 33-3325/2012 by 6 March 2012		Defendant filed the appeal requesting a cancellation of the court's decision as illegal and unwarranted.	Appeal is not satisfied.  Moreover, Judicial board considers that it is necessary to supplement the court's decision and act to collect extra <b>penalty</b> at the rate of 29 728 Rub.
4	Decision of St. Petersburg City Court Presidium on the case N 44r-75/10 by 8 September 2010	Lawsuit of the group of homeowners (42 homeowners) to CJSC "The Center of shared construction" to eliminate defects and deficiencies, creation of living environment, scheduling *	According to the construction expertize there are defects and deficiencies in the engineering system, in the facade and the roof construction, windows, balconies and loggias, etc. in the common areas of multi-dwelling building.  Established defects and shortcomings are the result of no quality construction work. There are deviations from the design of the house during the construction.  A part of defects are eliminated at Homeowner's association "Utkina Zavod' " expense.	<b>The claims are fully satisfied.</b>
5	Decision of St.Petersburg City Court on the case N 33-3573 by 12 March 2012.	Lawsuit of homeowner to limited society "Promstroyservis", limited society "Perspektiva", limited society "Sfera", limited society "AM Tyrskikh S.V", limited society "SETKOM"	The flat has defects: temperature inside the flat does not exceed 18 degrees due to a low quality of construction on warming and waterproofing of the bay windows.  Defendant not once tried to remake poor-quality work on warming and waterproofing of the bay windows, but these actions have not brought results.  The claims against the defendant also did not lead to the result.	<b>The claims are fully satisfied.</b>  Recover from all the co-defendants jointly: repair cost for warming on perimeter of the bay windows, as well as penalty, damages, and compensation for moral harm, to oblige to replace glass. Moreover, the federal budget of St. Petersburg fine of 50% of the amount awarded by the court in favor of the consumer.

	<b>Court case number, date</b>	<b>Claimant and defendant</b>	<b>Brief description of the court case</b>	<b>Court decision</b>
6	The Decision of Kirovsk district court on the case N 2-2520/12 by 23 May 2012	Lawsuit of homeowner to construction company about compelling to eliminate defects, and compensation for moral harm.	<p>The requirement to eliminate the defects of the individual heating unit, which bring excess of allowable noise level, to pay a compensation for moral harm.</p>	<p><b>The claims are partially satisfied.</b></p> <p>Court decided to oblige to rectify defects in the individual heating unit, located below stairs of the house, causing the noise; to recover from the builder the compensation of the moral harm.</p> <p>The part of the claims is not satisfied.</p>
			Representative of the construction company requests to change the decision and reducing the size of the moral harm compensation.	The court uphold the previous decision, appeal petition is not satisfied.
7	Decision of St. Petersburg City Court on case N 33-12870/2010 by 23 September 2010	Lawsuit of homeowner to construction company about elimination of defects and recovery of civil damages	<p>After invasion, homeowner was found lack of ventilation.</p> <p>Homeowner has repeatedly appealed to the written complaints about the poor performance of ventilation, the answer was not received.</p> <p>According to the findings of the expert, ventilating stack in the kitchen is defective and unusable, these defects contribute to the spread of burning and fire hazards, due to the defects the building ventilation system is not able to provide the required regulations of air parameters and does not meet the fire safety requirements for residential buildings.</p> <p>Homeowner was equipped with temporary ventilation to ensure family living during the time when ventilation unit is not yet repaired be the defendant.</p>	<p><b>The claims are fully satisfied.</b></p> <p>The court also asked the defendant to reimburse to the homeowner all costs associated with the discovery of defects, including costs associated with temporary ventilation equipment.</p>

	<b>Court case number, date</b>	<b>Claimant and defendant</b>	<b>Brief description of the court case</b>	<b>Court decision</b>
8	The Decision of Kolpinsky Region Court of St. Petersburg by 16 February 2012	Lawsuit of homeowner to the Housing agency of Kolpinsky region of St.Petersburg about elimination of defects and compensation of morel harm.	The plaintiff's flat ventilation dos not work in the kitchen and the toilet, smells is coming from other apartments, there is no insulation in the wall that borders the stairwells, to rest in the room is impossible, there are wall cracks.	<p><b>The claims are fully satisfied.</b></p> <p>The construction company shall eliminate defects within six months from the date when the court decision comes into force.</p> <p>Moreover, there is compensation for moral harm, recoverable expenses for the expertise, state duty charged to the budget.</p>
9	The decision of the Arbitration Court of St. Petersburg and Leningrad region on the case № A56-57405/2012 by 25 December 2013	<p>Claimant: Homeowner association "Mezhevaya - 21"</p> <p>Defendant (plaintiff): CJSC "POLAR"</p>	During the operation of the house, the next defect was found: improper technical condition of the roof. The defendant was repeatedly informed about this issue. Defects of the construction are not so far removed, that is why the plaintiff filed a present the claim in the court.	<p><b>The claims are fully satisfied.</b></p> <p>"POLAR" shall at his own expense eliminate defects on the roof of a house. To reimburse the amount of expert expenses and the state duty.</p>

	<b>Court case number, date</b>	<b>Claimant and defendant</b>	<b>Brief description of the court case</b>	<b>Court decision</b>
10	The decision of the Arbitration Court of St. Petersburg and Leningrad region on the case № A56-63363/2012 by 15 October 2013	Claimant: Homeowner association "Budapeshtskaya-7"  Defendant (plaintiff): CJSC "PROK"	The applicant requested the defendant to eliminate defects of construction, as well as to recover from the defendant's cost of expertise.  Some defects of the installation of parapets, revealed a crack in the concrete slab attic floor above the flat number 215, revealed defects in ventilation, etc.	<b>The claims are partially satisfied.</b>  Defendant shall eliminate the defects of construction work within 90 calendar days from the date when the court decision comes into force.  Recover losses, expenses for expertise in favor of the homeowner association, as well as the costs of state duty.  Adjusting the elevator equipment is not defect of construction, where the defendant is responsible, as it refers to the maintenance of the equipment.  Therefore, in this part the claim should be rejected.
11	Judgment of dismissal on the case № A56-47407/2011 by 31 July 2013.	Homeowner association "Aston Graftio",  To limited society «Settle City»	"Aston Graftio" appealed to the Arbitration Court of St. Petersburg and Leningrad region with a claim against the company "Settle City", an obligation to eliminate defects in the construction, citing the result of construction works in accordance with the project within three months.  Repair any defects to the lining of a ventilated facade.	During the lawsuit, the parties prepare the <b>settlement agreement</b> . The Court found that it is compatible with all requirements.  Defendant agrees to perform work on the elimination of construction defects not later than one month from the date when the decision entry into force.

	<b>Court case number, date</b>	<b>Claimant and defendant</b>	<b>Brief description of the court case</b>	<b>Court decision</b>
12	The decision of the Arbitration Court of St. Petersburg and Leningrad region on the case № A56-52295/2013. by 26 December 2013	Claimant: Homeowner association "Korablestroiteley, 16/3"  Defendant: CJSC "Trest-36"	There was a partial collapse of the brick lining of facade of the first section on the 11-floor level of multi-dwelling house, and also there is blowup of the brick lining in other parts of the facade.  Expert determined that the cause is the destruction of the face layer of brick setting which shall protects against atmospheric exposure.  To resolve this cause it is recommended to perform wall insulation on the outside of the building.	<b>The claims are partially satisfied.</b>  The court asked the defendant to reimburse to the homeowner all damages, court costs, as well as the state duty.
13	The decision of the Arbitration Court of St. Petersburg and Leningrad region on the case № A56-32378/2012 от 05 April 2013	Claimant: homeowner association "Klenovaya alleya"  Defendant: CJSC "Vostochny predprinimatelsky ekspress-A"	During the operation there were identified multiple deficiencies in the common property of the house. These defects are the result of violations of construction.  Defendant opposes the claims.  The defendant also challenges the argument of the plaintiff that the defects are a result of improper construction work.	<b>The claims are partially satisfied.</b>  Recover the cost of the expertise. Costs of the state duty allocable to the both parts proportional to satisfied claims.
14	The decision of the Arbitration Court of St. Petersburg and Leningrad region on the case № A56-1280/2013 от 18 March 2013	Claimant: homeowner association "Morskaya 39"  Defendant: CJSC "GAMMA-SEVER" (construction company)  CJSC «Stroicenter» – general contractor.	During the operation of a residential home, there were leakages through the roof in the attic space.  Expertise found that multiple violations of the building regulations were allowed.	<b>The claims are fully satisfied.</b>  To seek solidarity with society with a CJSC "GAMMA-SEVER" and a limited liability company "Stroicenter" in favor of the HOA losses and expenses on payment of state duty.
15	The decision of the Arbitration Court of St. Petersburg and Leningrad region on the case № A56-16739/2013 by 21 August 2013	Claimant: homeowner association "Mezhdunarodny-1"  Defendant: CJSC "Kvartira.ru"	During the warranty period, defective glazing of loggias and balconies were found.  According to the expertise there were defects of glazing facades (balconies and loggias), in particular roofing of loggias of the top floor (26 <sup>th</sup> floor) and 20th floor balconies, installation defects in glasses frames, metal frames defects, lack of insulation places of glasses, and	<b>The claims are partially satisfied.</b>  Recover from the defendant damages, as well as the state duty.  The rest of the claims

	<b>Court case number, date</b>	<b>Claimant and defendant</b>	<b>Brief description of the court case</b>	<b>Court decision</b>
			<p>condensation on windows.</p> <p>According to the expertise glazing of loggias and balconies of the house does not satisfied the current building rules and regulations, all the defects found (except for condensation on the windows) associated with low quality of construction works.</p>	<p>are not satisfied.</p> <p>Claim for reimbursement of expenses for the payment of a representative is not satisfied due to lack of evidence to incur expenditure.</p> <p>There is no evidence of payment of the expertise so the reimbursement for the construction and technical expertise is not subject to satisfaction.</p>
16	The decision of the Arbitration Court of St. Petersburg and Leningrad region on the case № A56-55212/2012 by 20 June 2013	<p>Claimant: homeowner association "Топеза 112"</p> <p>Defendant: CJSC "Stroitelny trest"</p>	Lawsuit to recover the cost of repair of remedial system of cold and hot water supply of multi-dwelling building.	<p><b>The claims are partially satisfied.</b></p> <p>Recover from the defendant damages, and costs of state duty and costs of expertise.</p>
17	<p>The decision on discontinuance of lawsuit</p> <p>St.-Petersburg on the case № A56-58035/2008 from 8 February 2010 года</p>	<p>Claimant: homeowner association "Basseinaya 10"</p> <p>Defendant: CJSC "Trest 101"</p>	HOA "Basseinaya 10" filed a lawsuit against the company "Trust 101" obliging eliminate defects as a result of construction work.	<p>The parties entered into <b>a settlement agreement.</b></p> <p>According to Annex 1 to the settlement agreement: the parties signed an agreement on the procedure for eliminating defects of constructions</p> <p>Lawsuit are finished.</p>
18	The decision of the Arbitration Court of St. Petersburg and	Claimant: homeowner association «Favorit»	During operation in multi-dwelling building owners identified defects in the form of poor technical condition of engineering	<b>The claims are fully satisfied.</b>

	<b>Court case number, date</b>	<b>Claimant and defendant</b>	<b>Brief description of the court case</b>	<b>Court decision</b>
	Leningrad region on the case № A56-62069/2011 от 12 April 2013	Defendant: open joint-stock society «Fenix»	systems. Defendant knew about defects, and the terms of deficiencies of work were approved. Defendant deviated from the presence in court proceedings, despite the fact that he was duly informed about the process and got acquainted with the case.	Recover from the defendant damages, and costs of expertise.  Recover from the defendant the state duty to the federal budget.
19	The decision of the Arbitration Court of St. Petersburg and Leningrad region on the case № A56-76518/2012 от 18 July 2013	Claimant: cooperative housing №655  Defendant: limited society "EXPOSTROY"  Respondent did not appear to the court session, the case is considered in his absence.	Lawsuit about defects on refurbishment (repair of the facade of the house), financed with subsidies.	<b>The claims a fully satisfied.</b>  The defendant must eliminate defects as well as paint by brown color base of the building within 30 days from the date this judgment come into force.  Recover from the defendant the costs of state duty.