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April 23, 2018

VIA EMAIL ONLY

Re: *The Hills at Yorba Linda Community Association v. Montecito Yorba Canyons, LLC, et al.*
OCSC Case No. 30-2016-00864248CU-CD-CXC

To Whom It May Concern:

This firm has been retained as counsel to The Hills at Yorba Linda Community Association (hereinafter "Association") with respect to the above-referenced claim for construction defects concerning the common areas and integrally related components.

Please note that the information contained herein is being provided solely for informational purposes only, and is not intended to, nor shall it relieve the buyer or seller of any disclosure obligations pursuant to law. Furthermore, the information contained herein represents only the current state of information and belief with respect to the inquiries made. As discovery and investigation continue, the Association reserves the right to modify, alter, or change any information contained herein as facts and other information are discovered.

By way of background on November 5, 2014, the Association served a "Notice of Commencement of Legal Proceedings" pursuant to Civil Code section 6000 (hereinafter the "Notice") on the developer and converter of the Association, The William Lyon Company and Montecito Yorba Canyons, LLC (hereinafter collectively "Developer"), for alleged defects in the construction of the Association's property, common areas, and integrally related components (see enclosed copy). This claim was authorized by the Association's Board of Directors pursuant to its rights and obligations as provided for by its governing documents and California law. Please be further advised that the service of the Notice did not constitute formal litigation; but rather, served to initiate a mandated claims process that provided for alternative dispute resolution proceedings.

Pursuant to such process, the Association and Developer completed mediation before a neutral third party mediator. No settlement was reached through such mediation process and accordingly, on July 18, 2016, the Association filed a lawsuit against the Developer (hereinafter "Association's lawsuit") for alleged defects in the construction of the Association's property, common areas, and integrally related components. The Association's lawsuit is entitled *The*

Hills at Yorba Linda Community Association v. Montecito Yorba Canyons, LLC, et al., and was designated as Orange County Superior Court Case No. 30-2016-00864248CU-CD-CXC. Trial is set to begin on September 17, 2018.

Please note that the Association's lawsuit is a matter of public record and the complaint filed therein can accordingly be accessed by any member of the public. The filing of the lawsuit does not mean that settlement discussions or any potential for settlement has been terminated, but rather that it was and is the next necessary step to trigger the available insurance coverage needed to satisfy the Association's claim and/or to preserve applicable statutes of limitation which may be asserted by the Developer in the defense of the Association's claim.

The goal and purpose of this process is to seek repairs and/or monetary damages from the Developer sufficient to reimburse the Association for repairs made in the past, as well as future repairs to the Association's property, common areas, and integrally related components. **To this end, please note that this claim does not pertain to damages to the separate property interests that the Association is not obligated to maintain and that are not integrally related to damages to common areas.** For a more detailed description of the Association's property and common areas, reference should be made to the Association's Declaration of Covenants, Conditions and Restrictions ("CC&Rs").

There are no allegations of defects affecting structural components to the extent that health or safety threatening structural instability results. It is important to note that not all of the homes and/or buildings located at the project may have problems, nor may be necessarily affected by any reported problems to the individual properties or common areas. Only a thorough inspection by a qualified home inspection professional can determine whether a particular home suffers from the problems identified herein.

Please do not hesitate to contact me should you have further questions or require any additional information.

Very truly yours,

FENTON GRANT MAYFIELD KANEDA & LITT LLP



JOSEPH KANEDA, ESQ.

JK:aa

Enclosure

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4 PHONE: (949) 435-3800 FAX: (949) 435-3801

5 Attorneys for Claimant,
THE HILLS AT YORBA LINDA COMMUNITY ASSOCIATION,
6 a California nonprofit corporation

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THE HILLS AT YORBA LINDA
COMMUNITY ASSOCIATION, a California
nonprofit corporation,

Claimant,

v.

MONTECITO YORBA CANYONS, LLC, a
Delaware limited liability company, THE
WILLIAM LYON COMPANY, a California
corporation; and DOES 1 through 400 inclusive,

Respondent.

) **THE HILLS AT YORBA LINDA
COMMUNITY ASSOCIATION'S
NOTICE OF COMMENCEMENT OF
LEGAL PROCEEDINGS [PURSUANT
TO CIVIL CODE SECTION 6000]**

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21 **TO: MONTECITO YORBA CANYONS, LLC and THE WILLIAM LYON**
22 **COMPANY:**

23 **Your legal rights are affected by this written Notice, which is given pursuant to**
24 **California Civil Code section 6000. The purpose of this Notice is to inform you that the above-**
25 **named common interest development makes a claim against you for defects in the design**
26 **and/or construction of THE HILLS AT YORBA LINDA COMMUNITY ASSOCIATION.**
27

1 **You should carefully read California Civil Code section 6000 and consult with an attorney to**
2 **determine your specific rights and obligations.**

3 **NOTICE IS HEREBY GIVEN THAT THE HILLS AT YORBA LINDA COMMUNITY**
4 **ASSOCIATION**, a California nonprofit corporation (hereinafter the "Association"), pursuant to
5 California Civil Code section 6000 (the "Notice"), has a claim for defects in the design and/or
6 construction of the common interest development known as "The Hills" located in the City of Yorba
7 Linda, County of Orange, State of California. This Notice shall toll all applicable statutes of
8 limitation and repose, whether contractual or statutory, by and against all potentially responsible
9 parties, regardless of whether they were named in the Notice, including claims for indemnity
10 applicable to the claim for the period set forth in subdivision (c).

11 Upon receipt of the Notice you shall, within 60 days, comply with the following:

12 1) You shall provide the Association with access to, for inspection and copying of, all plans
13 and specifications, subcontracts, and other construction files for the project that are reasonably
14 calculated to lead to the discovery of admissible evidence regarding the defects claimed.

15 2) You shall provide written notice by certified mail to all subcontractors, design
16 professionals, their insurers, and the insurers of any additional insured whose identities are known
17 to you or readily ascertainable by review of the project files or other similar sources and whose
18 potential responsibility appears on the face of the Notice.

19 **I. PRELIMINARY LIST OF DEFECTS**

20 Pursuant to California Civil Code section 6000(b)(2) & (3), with reservation to amend,
21 modify or add to this Notice required by this provision, the Association provides you with a
22 preliminary non-exclusive list of claimed defects and results identified on Exhibit "A".

23 **II. SUMMARY OF RESULTS OF SURVEYS OR QUESTIONNAIRE**

24 Pursuant to California Civil Code section 6000(b)(4), no homeowner surveys are available
25 at this time.

26 **III. SUMMARY OF RESULTS OF TESTING**

27 Pursuant to Civil Code section 6000(b)(5), the Association notifies you that no preliminary
28


1 invasive testing has been conducted to determine the nature and extent of defects in the design and/or
2 construction of the project.

3 **IV. BUILDER RESPONSE TO THIS NOTICE**

4 Any and all responses, notices or other communications from or on behalf of you to the
5 Association pursuant to California Civil Code section 6000, should be made in writing to Joseph
6 Kaneda, Esq. or Charles Fenton, Esq. of Fenton Grant Mayfield Kaneda & Litt LLP, 18101 Von
7 Karman Avenue, Suite 1900, Irvine, CA, 92612, **within twenty-five (25) days** of this Notice. You
8 may choose to request a “meet and confer” meeting with the Association’s Board of Directors.

9
10 Dated: November 5, 2014 **FENTON GRANT MAYFIELD KANEDA & LITT, LLP**

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12
13 By:



14 GREGORY S. LEW, ESQ.,
15 Attorneys for Claimant,
16 THE HILLS AT YORBA LINDA COMMUNITY
17 ASSOCIATION, a California nonprofit corporation
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Exhibit “A”

1.0 TILE ROOF SYSTEM

- 1.01 **Defect:** Eave System Failure;
 - a. Edge Metal Missing
 - b. Deteriorated Fascia Boards
- 1.02 **Defect:** Open Rake System Failure;
 - a. Trim Tiles Do Not Butt Field Tiles
 - b. Trim Tiles Do Not Nest Properly
 - c. Felt Terminates Short at Eave/Open Rake
 - d. 1 Fastener at Shortened Open Rake Trim Tile
- 1.03 **Defect:** Valley System Failure;
 - a. Termination Blocked by Birdstop
 - b. Tile Cut Tight
 - c. Cut Tile Debris
 - d. Unsecured Cut Tile
- 1.04 **Defect:** Ridge System Failure;
 - a. Overexposed Tile Course-Below-Ridge
- 1.05 **Defect:** Confined Rake System Failure;
 - a. Slipped/Unsecured Confined Rake Tile
- 1.06 **Defect:** Headwall System Failure;
 - a. Counterflashing Missing
 - b. Headwall Tiles Slipped/Unsecured
- 1.07 **Defect:** Chimney System Failure;
 - a. Cap Ponding
 - b. Cap Top Fastened
 - c. Storm Collar Missing
- 1.08 **Defect:** Skylight System Failure;
 - a. Tiles Tight at Upside
 - b. Leaks
- 1.09 **Defect:** Plumbing Vent System Failure;
 - a. Slipped/Unsecured Tiles
- 1.10 **Defect:** B-Vent System Failure;
 - a. Storm Collar Missing

2.0 PRIVATE BALCONY SYSTEM

- 2.01 Defect:** Private balcony system failure;
- a. Framing failure; deteriorated.
 - b. Edge metal termination short.

3.0 ENTRY DECK AND EXTERIOR STAIR SYSTEM

- 3.01 Defect:** Entry deck and exterior stair system failure;
- a. Sheet metal cap missing at entry deck joist.
 - b. Entry deck guardrail intermediate rails with excessive spacing; greater than 4 inches.
 - c. Mid-landing with inadequate slope; ponding.
 - d. Exterior stair handrail extension is inadequate; less than 12-inches beyond bottom riser.
 - e. Handrail height is inadequate; less than 34-inches or greater than 38-inches.
 - f. Stair rise variation exceeds 3/8 inch.

4.0 EXTERIOR PLASTER SYSTEM

- 4.01 Defect:** Exterior plaster system failure;
- a. Penetrations unsealed at fire extinguisher box
 - b. Penetrations unsealed at junction box

5.0 WOOD TRIM

- 5.01 Defect:** Patio wall system failure;
a. Patio wall top not painted on all sides - warping.
- 5.02 Defect:** Entry deck wood trim system failure;
a. "Z" bar flashing missing at transition from wood trim to plaster.
b. Wood trim buried in stucco.
- 5.03 Defect:** Trellis system failure;
a. Wood beam missing collar flashing.
b. Rim joist with deteriorated.

8.0 EXTERIOR DOOR SYSTEM

- 8.01 Defect:** Utility door system failure;
a. Utility doors misaligned - do not close properly.
b. Utility doors damaged - rusting and deteriorating.

10.0 FIRE RESISTIVE CONSTRUCTION SYSTEM

- 10.01 Defect:** One hour wall system failure;
a. Gas meter closet penetrations are unsealed.

15.0 MISCELLANEOUS ARCHITECTURE

- 15.01 Defect:** AC condensate line system failure;
a. AC condensate lines buried in the grade.

16.0 WINDOW SYSTEM

- 16.01 Defect:** Window system failure;
a. Drywall stains at head of window.
b. Weep holes blocked with stucco.
- 16.02 Defect:** Retrofit window system failure;
a. Window fin not set flushed against exterior plaster.

22.0 CIVIL

- 22.01 Defect:** Asphalt drive system failure;
- a. Asphalt cracking.
 - b. Asphalt ponding.
 - c. Asphalt eroding.
- 22.02 Defect:** Sidewalk system failure;
- a. Sidewalk ponding.
 - b. Sidewalk cracking with vertical displacement.
- 22.03 Defect:** Concrete curb system failure;
- a. Concrete curb cracking.
- 22.04 Defect:** Concrete step system failure;
- a. Concrete step cracking.

The end.