

December 12, 2023

Via First Class United States Mail

Board of Directors
Oceanside Community Association
c/o Mr. Dan Farrar
First Service Residential
550 Vista Bella
Oceanside, CA 92057

Re: Litigation Disclosure Statement

Dear Members of the Board of Directors and Mr. Farrar:

This letter is intended as a disclosure statement on behalf of Oceanside Community Association (“Association” or “OCA”) regarding litigation matters that our office is currently handling or has direct knowledge of relating to OCA. The Board may distribute a copy of this letter to members of the Association and as part of any requested disclosures or inquiries by lenders, brokers, or other interested parties.

1. Bird Rock Home Mortgage, LLC vs. Breaking Ground, LP et al.

San Diego, Superior Court – North County Regional Center
Case No.: 37-2022-00025674-CU-OR-NC
Nature of Dispute: Set Aside Trustee’s Sale / Quiet Title

On June 27, 2022, Plaintiff Bird Rock Home Mortgage, LLC (“Bird Rock”) filed a lawsuit against Breaking Ground, LP, Microcredit Loan Fund, Inc., and Delphi Law Group, LLP (“Delphi”) seeking, among other things, to quiet title and recover real property located in the Oceana development. The property at issue was the subject of a trustee’s sale pursuant to an OCA assessment lien. In the complaint, Bird Rock alleges that it was the high bidder at the trustee sale of the property held on April 26, 2022. The complaint also alleges that Delphi, who served as the trustee, improperly accepted a higher bid from Breaking Ground, LP, in the post-foreclosure sale bidding process.

Delphi filed a responsive pleading to the lawsuit and a cross-complaint in interpleader against various interested parties, including OCA. Interpleader is a remedy that invokes the court’s equitable power to dispose of funds or property where there are conflicting claims. OCA is a named cross-defendant in the lawsuit since it has an interest in the disposition of the funds and property at issue. Our office has filed a responsive pleading to the cross-complaint on behalf of OCA in this matter. Although the financial impact of the lawsuit on the Association is currently unknown, the lawsuit does not seek any monetary damages from the Association.

2. Vickie Lynn Brown-Driver v. Oceanside Community Association, et al.

San Diego, Superior Court – North County Regional Center

Case No.: 37-2022-00045945-CU-BC-NC

Nature of Dispute: Breach of Contract / Breach of Governing Documents

On November 10, 2022, Plaintiff Vickie Lynn Brown-Driver filed a lawsuit alleging that OCA has adopted an equalization amendment to its CC&Rs to equalize rent payments among flat lease dwellings and escalation clause dwellings in the Oceana development, which deprives her and other flat lease dwelling owners of their contractual rights under individual subleases of the common area. Plaintiff seeks economic damages, injunctive relief, punitive damages, and declaratory relief. OCA disputes Plaintiff's claims in the lawsuit, has filed a responsive pleading, and intends to defend itself vigorously. In addition, OCA has filed a cross-complaint against Oceanside Land Company ("OLC") alleging, among other things, that OLC is required to indemnify and defend OCA from the claims, causes of actions, and charges brought by Plaintiff.

The financial impact on the Association is unknown at this time. However, the Association has tendered this lawsuit to Farmers Insurance, which has agreed to defend the lawsuit under a reservation of rights. Farmers Insurance has appointed the law offices of Stratman & Williams-Abrego, who are currently defending the lawsuit.

3. Tracy M. Lyon, et al. v. Oceanside Community Association, et al.

San Diego, Superior Court – North County Regional Center

Case No.: 37-2023-00047258-CU-NP-NC

Nature of Dispute: Negligence / Breach of Fiduciary Duty

On October 30, 2023, Plaintiffs Tracy M. Lyon and Dorothy Jane Shea, who are members of the Association, filed a lawsuit against OCA containing causes of action for negligence and breach of fiduciary duty. Plaintiffs allege, among other things, that they have suffered property damage due to a lack of common area maintenance by the Association and that OCA's directors are responsible as well. Plaintiffs seek economic damages, general damages, punitive damages, and recovery of attorneys fees and costs. Plaintiffs' allegations are disputed, and the lawsuit will be vigorously defended.

The financial impact on the Association is unknown at this time. However, the Association has tendered this lawsuit to Admiral Insurance, which has appointed the law offices of Prindle, Goetz, Barnes & Reinholtz to defend this case.

For more specific details concerning the above lawsuits, interested parties may consult the applicable court file, which is available to the public at the San Diego County Superior Court. Please note that this letter is meant to provide general information regarding the above lawsuits and that this disclosure letter is limited to those legal matters for which our office is handling or has direct knowledge. If the Association is involved in litigation being handled by other attorneys of which we have not been informed, those matters will not appear in this letter.

Lastly, our office is legal counsel for the Association and is not in a position to render advice regarding disclosures to third parties concerning these lawsuits. Moreover, neither the Association, its Board of Directors, its management personnel, nor this law firm provides any advice on disclosures in sales or financing transactions involving property within the Association. Interested parties should seek independent legal counsel and advice concerning these matters. Nothing in this letter should be construed to replace a homeowner's or third party's independent investigation. The foregoing information is intended solely for use by members of the Association to provide disclosure and notification. No admission, representation, or warranty is made or implied.

Sincerely,

KRIGER LAW FIRM, APC

Bradley Schuber

Bradley A. Schuber, Esq.