

DOWNEY BRAND

MEMORANDUM

To: MIKE STAUDENMAYER, NORTHSTAR COMMUNITY SERVICES DISTRICT

From: ANDREW L. COLLIER AND AUSTIN C. CHO

Date: SEPTEMBER 6, 2019

Re: **PUBLIC STATUS OF CASE NO. SCV-0043081**

Community Facilities District No. 1 of the Northstar Community Services District v. Mountainside California 2, LLC, Mountainside California 3, LLC, and Timberline Highlands LLC, Case No. SCV-0043081.

This memorandum provides a brief, non-privileged summary of the public status of the foreclosure litigation matter brought by the Northstar Community Services District (NCSD) on behalf of the Northstar Community Facilities District No. 1 (CFD), currently pending in Placer County Superior Court (**Case No. SCV-0043081**). A more detailed, confidential report for the NCSD Board to consider in closed-session will be prepared as requested. The pleadings and other public documents in this case are on file at the Placer County Superior Court.

On June 4, 2019, CFD filed a complaint against three entities: Mountainside California 2, LLC ("Mountainside 2"), Mountainside California 3, LLC ("Mountainside 3"), and Timberline Highlands LLC ("Timberline," together with Mountainside 2 and Mountainside 3, the "Mountainside Defendants"). At issue in this complaint were special tax delinquencies for the 2018/2019 tax year on the following Placer County APNs: 110-051-008-000 (the "Mountainside 2 Parcel"); 110-051-005-000; 110-051-006-000; 110-051-007-000; and 110-051-010-000 (the "Mountainside 3 Parcels"); and 110-051-013-000; 110-051-015-000; 110-051-018-000; 110-051-019-000; 110-051-047-000; 110-081-017-000; and 110-400-005-000 (the "Timberline Parcels"). At the time of the complaint, the total delinquency amount for the 2018/19 fiscal year, including penalties and interest, for the Mountainside 2 Parcel was \$131,763.13. As of June 4, 2019, the total delinquency amount for the 2018/19 fiscal year, including penalties and interest, for the Mountainside 3 Parcels was \$767,701.54. As of June 4, 2019, the total delinquency amount for the 2018/19 fiscal year, including penalties and interest, for the Timberline Parcels was \$4,019,459.28. On June 13, 2019, the CFD recorded a lis pendens on the subject parcels, putting the Mountainside Defendants and any bona fide prospective purchasers on notice of the pending foreclosure litigation.

The Mountainside Defendants served a Verified Answer by U.S. mail on August 5, 2019 ("Answer"). In the Answer, the Mountainside Defendants admitted their ownership of the parcels in question, admitted that the properties are undeveloped, and admitted that as to all parcels, the first and second installments of the 2018/2019 special taxes were not paid. A case management conference that will determine the trial calendar and triable issues is scheduled for October 8, 2019.

Further information will be provided as it becomes available.