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July 14, 2010

Owners  
Telegraph Landing North HOA  
CITISCAPE PROPERTY MANAGEMENT  
C/o Mr. Richard Price  
3450 Third Street, #D  
San Francisco, CA 94124

**Re: Disclosure Letter, Association Prevailed in McDaniel Lawsuit Against  
Telegraph Landing North Association**

Dear Telegraph Landing Owners:

This firm provides legal services to the Telegraph Landing North Association. I am writing to disclose to you the successful outcome for the Association of the lawsuit by Dennis McDaniel and Jane Church-McDaniel against the Association

The McDaniels filed suit against the Association, claiming that the Association was liable to them for alleged breach of fiduciary duties, negligence and nuisance arising out of alleged loss of use of the McDaniels' Unit on account of roof leaks. The lawsuit was defended by attorney Mark Intrieri of the Chapman & Intrieri law firm in Alameda, CA. The defense costs were funded by the Association's liability insurer.

The case proceeded to trial on March 29, 2010 in San Francisco County Superior Court and was concluded on April 14, 2010. The trial judge issued a proposed Statement of Decision on July 6, 2010.

**I am pleased to inform you that the proposed Statement of Decision was *entirely* in favor of the Association. The court found that the Association had not breached fiduciary duties; was not negligent; and was not liable to the McDaniels on a nuisance theory. The Court found that the Association's Board of Directors had acted in good faith, and that this was a complete defense to the McDaniels' allegations. Although the roof did leak for a period of time, the Court found that the Board acted promptly to investigate the condition of the roof and to engage contractors to make reasonable repairs.**

**The Court determined that judgment should be entered in favor of the Association and against the Plaintiffs.**

The Plaintiffs will have an opportunity to object to the Statement of Decision and to the form of Judgment. Once judgment is entered, the Association's attorneys will be able to file a Memorandum of Costs to claim recoverable costs for expenses such as court reporters' transcripts, filing fees, etc. In addition, the Association will probably file a motion to seek an order requiring the Plaintiffs to pay the Association's legal fees under California Civil Code 1354c. It is likely that the amount sought will be significant, although, since the legal fees were paid by the insurer and not by the Association, any attorney's fees that are awarded will be utilized to reimburse the insurer for the fees it paid to defend the case, and will not be furnished to the Association itself.

For a period of sixty days following entry of judgment, the McDaniels will be able to file an appeal. On appeal, the court would not re-try the case, but would defer to the trial court's determinations regarding witness credibility and whose version of the facts to believe. We do not know of any issues that could be raised on appeal that would entitle the plaintiffs to a "de novo" review by the Court of Appeal. If no appeal is filed within the time allowed by law, the judgment will be final.

This letter may be provided to any potential purchaser of your property and to any lender who wishes to know the status of the lawsuit. The resolution of the lawsuit is good news for the Owners, since, in this economic environment, pending litigation can make it difficult or impossible to obtain financing secured by condominium units. Congratulations to the Board, to the Manager, to all the Association's witnesses, and to litigation counsel Mark Intrieri for this successful result. The Statement of Decision is a matter of public record; it will be posted in the Common Area for those who wish to read all of the details.

As you know, my office represents the Association and not the individual homeowners. The Association's budget does not permit me to answer questions from individual Owners. If you have any questions on this Disclosure Letter, please provide them to the Board or to the Manager, and, if they require assistance from Mr. Intrieri or from me, they will contact one of us and get the information in that way.

Very truly yours,

LAW OFFICES OF ANN RANKIN

Ann Rankin



AR:gr  
Cc: Board