

NOTICE OF CLASS ACTION SETTLEMENT

IMPORTANT LEGAL NOTICE! PLEASE READ CAREFULLY!

A pair of lawsuits have settled (the “Settlement”) and have been given preliminary approval in the San Diego County Superior Court, Central Division. The two consolidated lawsuits are *Eric LaGuardia vs. Allegro Towers, L.P. et al.*, case no. 37-2014-00003064-CU-BC-CTL; and *Fraidoon Ahmad vs. Allegro Towers, L.P. et al.*, case no. 37-2014-00042742 (collectively the “Action”). The lawsuits are by Mr. LaGuardia and Mr. Ahmad against the owners or operators of these four southern California apartment buildings:

1. “Allegro Towers” in San Diego, CA.
2. “Ariel Suites” in San Diego, CA.
3. “Hobart Villa” in Los Angeles, CA; and,
“Kingsley Grand” in Los Angeles, CA.

A class action lawsuit is one in which one or more persons sue on behalf of themselves and others who have similar claims. This Notice is to inform you of the Class Action Settlement of the lawsuit and your rights. The San Diego Superior Court authorized this Notice.

WHO IS INCLUDED?

The Court has certified the following three groups or sub-classes. Collectively, all members of all three of the following groups or sub-classes will be called “Class Members.”

1. All of Defendants’ California residential tenants, current and former, who paid or had withheld, any time in the four years prior to February 14, 2014, any portion of their security deposit as an allegedly nonrefundable fee. (The “Security Deposit Class”).

2. All of Defendants’ California residential tenants, current and former, who paid, any time in the four years prior to December 18, 2014, any late rent fees; (the “Late Fees Class”) and

3. All of Defendants’ California residential tenants, current and former, who paid, any time in the four years prior to December 18, 2014, any fees for bad checks, i.e. checks returned for insufficient funds (the “Insufficient Funds Class”).

You are receiving this Notice because Defendants’ records show that you might fall within one or more of these three groups, i.e., that you might be a Class Member.

WHAT IS THIS ABOUT?

The Settlement will resolve a consolidated lawsuit involving claims that Allegro Towers, Ariel Suites, Hobart Villa, and Kingsley Grant charged their tenants certain illegal fees and/or illegally withheld money when they returned tenant security deposits. Defendants deny any wrongdoing, but have concluded that it is in their best interest to settle the Action to avoid expense and interference with ongoing business operations.

As to the Security Deposit Class, Plaintiffs allege that Defendants withheld \$200 from certain tenants’ security deposits, calling it a “non-refundable” fee when it was illegal to treat those funds as non-refundable. Defendants no longer charge this fee and refund the fee to tenants who paid it when the tenant moves out.

As to the Late Fees Class, Plaintiffs allege that the fees that Defendants charged tenants for paying rent late were illegal under California law. Sometimes Defendants charged \$50 for every day that rent was late. Other times Defendants charged \$25 for each late day. Sometimes Defendants charged a flat fee. Plaintiffs allege that all of these fees were illegal. Defendants no longer charge a daily late fee, and contend that the late fee now charged is legal.

As to the Insufficient Funds Class, Plaintiffs allege that Defendants charged tenants illegal fees for bad checks, i.e. checks returned for insufficient funds. Sometimes Defendants charged a percentage of the check amount as a penalty or fee. Other times Defendants charged a flat fee. Defendants no longer charge a fee based on a percentage of the check amount, and contend that the fee now charged is legal.

The Court did not decide which side was right, but both sides agreed to the Settlement. This Notice does not express any opinion of the Court.

WHAT DOES THE SETTLEMENT PROVIDE?

Defendants have agreed to pay former and current tenants of the Security Deposit Class, Late Fees Class, and Insufficient Funds Class money for charging and retaining certain fees from their tenants. In addition, Defendants have agreed to (1) forever and permanently refrain from designating any portion of a California tenant's security deposit as nonrefundable in violation of Civil Code section 1950.5, absent a change in or repeal of Section 1950.5; (2) forever and permanently refrain from charging or collecting from California tenants a *per diem* late fee for late-paid rent; and (3) shall forever and permanently refrain from charging or collecting from California

tenants fees for insufficient funds or "bounced" checks greater than what is expressly permitted under Civil Code section 1719, absent a change in or repeal of Section 1719. Subject to Court approval, each Class Representative will be paid an incentive award of up to a maximum of \$5,000, and the attorneys for the Classes ("Class Counsel") will be paid up to a maximum of \$510,996.63 for their attorneys' fees and costs

DISMISSAL AND RELEASE OF ALL CLAIMS

If the Court approves of the proposed settlement, it will enter a judgment in the Action with prejudice as to all Class Members. Class Members who do not validly and timely request to be excluded from the proposed settlement, forever discharge Defendants, and each of their direct or indirect parents, wholly or majority owned subsidiaries, affiliated and related entities, predecessors, successors and assigns, partners, privities, and any of their present and former directors, officers, employees, shareholders, agents, representatives, attorneys, accountants, insurers, and all persons acting by, through, under or in concert with them, or any of them, from all causes of action, claims, demands, rights, suits, obligations, debts, contracts, agreements, promises, liabilities, damages, charges, penalties, losses, costs, expenses, and attorneys' fees which they have or may have that have or could have been alleged or otherwise relate to or arise from any of the causes of action in the Action.

WHAT ARE YOUR OPTIONS?

If you do not want to be bound by the Settlement, you must exclude yourself by July 20, 2016. To be excluded, you must submit a letter postmarked no later than July 20, 2016, containing: (a) the name of the

Action, “*LaGuardia et al. v. Allegro Towers, L.P. et al.*”; (b) your full name, address, and telephone number; and (c) a statement that you are a Class Member and wish to be excluded from the Class. To be considered valid, a request for exclusion must set forth all of this information, be timely, **and** be sent to Class Counsel and Defendants’ counsel at the following addresses:

Nicholas & Tomasevic, LLP
Allegro Towers Litigation
225 Broadway, 19th Floor
San Diego, CA 92101

Seltzer Caplan McMahon Vitek
Allegro Towers Litigation
750 B. Street, Suite 2100
San Diego, CA 92101

You may also submit a Request for Exclusion to Class Counsel via e-mail to sfan@nicholaslaw.org.

Any Class Member who wants to object to the Settlement must file a written objection and/or a notice of intention to appear with the Court, and serve copies on Class Counsel and Defendants’ counsel (see above) postmarked no later than July 20, 2016. The written objection must include: (a) the name of the Action, “*LaGuardia et al. v. Allegro Towers, L.P. et al.*”; (b) your full name, address, and telephone number; (c) a statement that you are a Class Member; (d) the words “Notice of Objection” or “Formal Objection,” (e) the arguments supporting the objection; and (f) whether you intend to speak at the Fairness Hearing.

The Court will have a hearing to decide whether to finally approve the settlement (the “Fairness Hearing”) on August 19, 2016, 10:30a.m., before the Hon. Joel M. Pressman in Department C-66 of the San Diego County Superior Court, located at 330 W. Broadway, San Diego, CA, 92101.

You may seek the advice of your own attorney, at your own expense, about your legal rights. For further information concerning this Notice, you may also contact Class Counsel at the address shown above. If you do not exclude yourself from the case, you may also appear in the case through your own lawyer. Do not write or call the Court or the Clerk of the Court.

ADDITIONAL INFORMATION

This description of the case is general. To see the complete file, you may visit the Clerk of the Court of the San Diego Superior Court located at 330 West Broadway, San Diego, CA 92101. The Clerk will make the lawsuit’s file available to you for inspection and copying at your own expense.

You may also visit the Court’s website at www.sdcourt.ca.gov and view the Register of Actions by looking this case up under case no. 37-2014-00003064-CU-BC-CTL and case no. 37-2014-00042742-CU-BC-CTL.