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Reply to: 2566 Overland Ave., Suite 730
Los Angeles, CA 90064
(800) 464-2817

October 29, 2015

Via U.S. Mail & Hand Delivery

To All Members
Eastern Gardens Cooperative

Re: Association's Receipt of Improper Petition and Disclosure of Litigation

Dear Members:

As you know, my law firm is legal counsel to the Eastern Gardens Cooperative ("Corporation"). This letter will provide you with an update regarding the lawsuit filed by owners Michael Romp, Edward Healy, and Terri Magee against Directors Jeff Lema, Bernadine Stofanik, and Shirley Brown as Case No. 34-2015-00180211 ("Lawsuit").

The Lawsuit alleged Directors Lema, Stofanik and Brown violated their fiduciary duties to the members regarding their vote to terminate Federal Properties Management, Inc. ("FPI"). Under applicable laws, the Corporation is required to provide the Directors a defense because the Lawsuit pertains to their actions as Board members. The Board tendered defense of the Lawsuit to the Association's insurance carrier who appointed defense counsel to represent the Directors.

You may recall the Plaintiffs filed an emergency motion with the Court on June 18, 2015 to try to prevent FPI's termination. The court denied their motion and confirmed the Corporation could terminate FPI. HUD also approved FPI's termination. This made it absolutely clear that the Directors' vote to terminate FPI was legal.

I am happy to report the Plaintiffs recently dismissed the Lawsuit. Because the Directors successfully defended against the Lawsuit, they have authorized me to file a motion with the Court to recover the Corporation's attorneys' fees. The Davis-Stirling Act permits a prevailing party to recover its attorneys' fees from the unsuccessful party. The Board takes its obligation to responsibly manage the Corporation's finances seriously and is using all available means to try and recover the legal expenses incurred.

Thank you.

Very truly yours,

Jasmine Fisher Hale, Esq.
ADAMS STIRLING PLC

JFH/