### SUMMONS (CITACION JUDICIAL)

NOTICE TO DEFENDANT: (AVISO AL DEMANDADO):

HILL COUNTRY HILLSIDE LTD., a Texas Partnership also known as Hill Country Hillside, Ltd. and doing business as Hill Country RV Resort and as Cottage Rental; BRYAN KASTLEMAN, an individual; and DOES 1 through 20, inclusive

YOU ARE BEING SUED BY PLAINTIFF: (LO ESTÁ DEMANDANDO EL DEMANDANTE):

ABILITY CAPITAL SOLUTIONS, a California corporation

FOR COURT USE ONLY (SOLO PARA USO DE LA CORTE)

CONFORMED COPY
OF ORIGINAL FILED
Los Angeles Superior Court

AUS 22 2013

John A Clarke	, Executive	e Officer/Clark
Ichn A Clarke Gy:	enj.	, Deputy
	OSS.	Ň

NOTICE! You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below.

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcallfornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), or by contacting your local court or county bar association. NOTE: The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. [AVISO! Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California (www.sucorte.ca.gov), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services, (www.lawhelpoalifornia.org), en el Centro de Ayuda de las Cortes de California, (www.sucorte.ca.gov) o poniéndose en contacto con la corte o el colegio de abogados locales. AVISO: Por ley, la corte tiene derecho a reclamar las cuotas y los costos exentos por imponer un gravamen sobre cualquier recuperación de \$10,000 ó más de valor recibida mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte pueda desechar el caso.

The name and address of the court is: (El nombre y dirección de la corte es):
LOS ANGELES COUNTY SUPERIOR COURT
415 W. Ocean Boulevard
Long Beach, CA 90802
SOUTH DISTRICT

CASE NUMBI (Número del (		): 								
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(El nombre, la direct Mark M. Scott CSI BUCHALTER NEI	and telephone number of plaintiff ción y el número de teléfono del a BN#: 138569 (949) 760-1121 ( MER In Avenue, Suite 800 Irvine, Ca	bogado del demandante, o del 949) 720-0182	demandante que no tiene al	
DATE:	गाद २ २ २ ११ <b>१३</b>	Clerk, by (Secretario)	9. THOMOSON	, Deputy (Adjunto
	1. as an individual as the personal as the per	lario Proof of Service of Summer RSON SERVED: You are serviced defendant.  In sued under the fictitious name	ons, ( <i>POS-010)).</i> red ne of ( <i>specify</i> ):  CCP 416.60 (i	minor)
	4. 🔲 by personal	delivery on (date):		

Page 1 of 1

CONFORMED CONY OF ORIGINAL FILED CASE MANAGEMENT REVIEW OF Angeles Surveior Court BUCHALTER NEMER A Professional Corporation MARK M. SCOTT (SBN: 138569) AUG 22 2013 18400 Von Karman Avenue, Suite 800 JAN 21 2014 Irvine, CA 92612-0514 John A. Clarke, Executive Othcer/Clerk 3 Telephone: (949) 760-1121 R. THOMPSON by Fax: (949) 720-0182 Email: mscott@buchalter.com 5 Attorneys for Plaintiff ABILITY CAPITAL SOLUTIONS, a California corporation 6 7 SUPERIOR COURT OF THE STATE OF CALIFORNIA 8 COUNTY OF LOS ANGELES 9 SOUTH DISTRICT NC059038 10 CASE NO. ABILITY CAPITAL SOLUTIONS, a 11 California corporation, COMPLAINT FOR: 12 Plaintiff, BREACH OF CONTRACT; 13 MONEY DUE FOR SERVICES vs. PROVIDED; 14 DECLARATORY RELIEF; HILL COUNTRY HILLSIDE, LTD., a 3. DEFAMATION. Texas partnership also known as Hill Country Hillside, Ltd. and [UNLIMITED JURISDICTION] doing business as Hill Country RV Resort and Cottage Rental; BRYAN KASTLEMAN, an individual; and 17 DOES 1 through 20, inclusive, 18 Defendants. 19 Plaintiff Ability Capital Solutions ("Ability") alleges: 20 GENERAL ALLEGATIONS 21 (Against Each Defendant) 22 Ability is and at all times mentioned herein was a 23

- 1. Ability is and at all times mentioned herein was a corporation duly organized and existing under the laws of the State of California doing business in the City of Long Beach in the County of Los Angeles.
- 2. Ability is informed and believes and thereon alleges that Defendant Hill Country Hillside Ltd. ("Hill") is and at all

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- 3. Ability is informed and believes and thereon alleges that Defendant Bryan Kastleman ("Kastleman") is and at all times mentioned herein was an individual residing in the State of Texas.
- The true names and capacities of the Defendants named herein as DOES 1 through 20, whether individual, corporate, associate or otherwise, are unknown to Ability, who therefore sues these Defendants by fictitious names. Ability will amend the Complaint to show their true names and capacities when ascertained. The actions of DOES 1 through 20 as alleged herein were duly ratified by the Defendants, with each Defendant acting as an agent of the others and within the course and scope of said agency. Ability is informed and believes and thereon alleges that each of the Defendants designated herein as DOE is liable to Ability for the debts and actions hereinafter alleged.
- Unlimited jurisdiction in the Superior Court of the State of California is appropriate because the amount in controversy, including compensatory and punitive damages, exceeds \$25,000.00. Jurisdiction and venue in the South District of the Los Angeles County Superior Court is appropriate because the contract which is the subject of this action was entered into and was to be performed within the judicial boundaries of the Los 28 Angeles County Superior Court.

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#### FIRST CAUSE OF ACTION

### (Breach Of Contract Against Hill

#### And Does 1 Through 20)

- 6. Ability repeats and realleges paragraphs 1 through 5 above, as though set forth in full.
- 7. Ability is a commercial equipment finance company that provides financing to businesses of all sizes to enable them to acquire equipment for use in their business. Ability offers a valuable service that fulfills a significant marketplace need.
- 8. Prior to finalizing a financing transaction, Ability and its commercial customer from time to time execute a written commitment agreement that memorializes the commitment of the parties to the financing transaction and which protects both. Ability's commitment agreement requires the borrower to make a deposit with Ability for the purpose of, among other things, demonstrating commitment to the transaction. If the customer does not fulfill its commitment with respect to completion of the terms of the commitment agreement, then Ability has the right under the contract to retain the deposit as a fully earned processing fee to help offset the losses caused by the customer's failure to fulfill its commitment. Without such commitment fees, financing companies like Ability might not be able to survive the significant transaction costs associated with customers who sign contracts and later attempt to de-commit or otherwise breach the contract following acceptance thereof.
- 9. On or about March 15, 2013, Hill executed a written Commitment Agreement (the "Agreement") pursuant to which Hill made an offer to enter into a financing transaction on the terms

and conditions thereof and in Addendum "1" attached thereto. In connection therewith, Hill made a commitment deposit in the amount of \$9,594.36 (the "Deposit") to Ability. Under the Agreement, Hill agreed that the Deposit would be retained by Ability in the event Hill failed to honor its commitment or if any material misrepresentation was made in connection with documentation and information provided to Ability. A copy of the Agreement is attached hereto as Exhibit "1."

- 10. Ability accepted Hill's offer in the Agreement. Since the inception of the transaction, Ability spent significant time, effort and resources toward completing the Hill financing transaction. Ability has performed all covenants, conditions and promises required on its part under the terms of the Agreement except for those which it is excused or was prevented from performing.
- 11. Hill and DOES 1 through 20 have defaulted under the Agreement by failing to perform in accordance with the terms and conditions thereof. The defaults, include but are not limited to, the following:
  - a. Failing to honor the commitment to submit all proper documents and to take all steps necessary to commence the funding, including full financial package;
  - b. Failing and refusing to perform its duties and obligations owed to Ability in good faith and in a fair manner;
  - c. Submitting false and misleading financial and background information;

- d. Unilaterally canceling, terminating and reneging on the transaction;
- By repudiating the Agreement or otherwise e. improperly attempting to revoke the transaction; and
- f. Breaching the covenant of good faith and fair dealing.
- As a result of the defaults of Hill and DOES 1 through 12. 20, Ability has incurred general, special and consequential damages in an amount according to proof at trial and in no event less than \$10,000.00. The damages include, but are not limited to:
  - Ability's loss of the benefit of the rate of a. return on the transaction had Hill performed as agreed;
  - b. The expense of the significant amount of time, effort and energy devoted by Ability to the transaction at the request of Hill;
  - Ability's out of pocket costs incurred in c. connection with the transaction.
- Ability has made demand upon Hill and DOES 1 through 20 to perform the obligations owed under the Agreement. Hill and DOES 1 through 20 have failed and refused to perform as agreed.

#### SECOND CAUSE OF ACTION

# (Money Due For Services Provided Against Hill And Does 1 Through 20)

Ability repeats and realleges paragraphs 1 through 5 28 and 7 through 13 above, as though set forth in full.

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In the past two years, in the County of Los Angeles,

16. Other than the Deposit, no part of the amount owing to

Ability due to the time, effort and costs which Ability devoted

amount includes, but is not limited to, processing costs of the

result, there is now due, owing and unpaid from Ability and DOES

THIRD CAUSE OF ACTION

(Declaratory Relief Against Each Defendant)

through 13 and 15 through 16 above, as though set forth in full.

and believes and thereon alleges that an actual controversy now

exists between Ability, on the one hand, and Hill, Kastleman and

DOES 1 through 20, on the other hand, and each them, with respect

declaration to that effect. Ability is informed and believes and

thereon alleges that Hill, Kastleman and DOES 1 through 20 have

refused to reaffirm Ability's right to retain the Deposit and,

based thereon, contends that Hill, Kastleman and DOES 1 through

to the Deposit referred to hereinabove. Ability contends that

Ability is entitled to retain the Deposit as a fully earned

processing fee as permitted in the Agreement and seeks a

20 deny Ability's right in that regard.

Ability repeats and realleges paragraphs 1 through 5, 7

In the context to the foregoing, Ability is informed

1 through 20 to Ability an amount according to proof at trial.

to the transaction as requested by Hill has been paid.

transaction in an amount according to proof at trial.

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19. Ability seeks a declaration by this Court as to the respective rights, duties and obligations of the parties herein with respect to the Agreement and the Deposit. Such a declaration is necessary and appropriate since, in the absence thereof, the parties hereto will be acting at their substantial peril in pursuit of their conflicting interpretations and contentions.

#### FOURTH CAUSE OF ACTION

#### (For Defamation Against Each Defendant)

- 20. Ability repeats and realleges paragraphs 1 through 5, 7 through 13, 15 through 16 and 18 through 19 above, as though set forth in full.
- 21. Ability is informed and believes and thereon alleges that Hill, Kastleman and DOES 1 through 20 contacted one or more third parties specifically for the purpose of attempting to harm Ability's reputation and business relationship within the financing industry and among financing customers in order to extract the return of more of the Deposit than that to which Hill was entitled. Among other things, Kastleman, acting individually and on behalf of Hill, submitted unfounded and inaccurate complaints, claims and other postings to various industry associations, trade publications and others within the financing industry. These defamatory statements were made to, among others, Leasing News, the National Association of Equipment Lease Brokers, the Equipment Lease Finance Association and the National Equipment Finance Association.
- 22. Ability is further informed and believes and thereon alleges that Hill, Kastleman and DOES 1 through 20 published

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false, non-privileged and defamatory statements regarding Ability with knowledge of their falsity or with reckless disregard as to their veracity, with the intent to injure and damage Ability's reputation and to interfere with and to disrupt Ability's existing and prospective relationships.

- 23. Ability is informed and believes and thereon alleges that Hill, Kastleman and DOES 1 through 20 made the defamatory statements so that industry insiders, vendors, funding services, and prospective customers and third persons read the untrue unproved comments specifically for the purpose of leveraging or pressuring Ability into returning more of the Deposit than that to which Hill was entitled or, at the very least, to harm Ability's business relationship among financing customers or within the equipment financing industry.
- 24. Ability is informed and believes that Hill, Kastleman and DOES 1 through 20 may have contacted additional third parties for the same purpose and motivation.
- 25. Ability is informed and believes and thereon alleges that these false and defamatory statements were understood by third parties to be true. As a result, such publications have caused harm and damage to Ability's reputation with third parties.
- 26. Ability is informed and believes and thereon alleges that Hill, Kastleman and DOES 1 through 20 were aware at all times during those continued communications that Ability's reputation within the financing leasing is and was extremely important to Ability's business operation. Notwithstanding, Ability is further informed and believes that Hill, Kastleman and

DOES 1 through 20 expressly attempted to damage Ability's reputation in order to punish Ability and if possible, to extract the return of the Deposit.

- 27. As a proximate result of the conduct of Hill, Kastleman and DOES 1 through 20, Ability has incurred damages in an amount according to proof at trial for the injury to Ability's reputation within the equipment leasing industry.
- 28. Ability is informed and believes and thereon alleges that the acts of Hill, Kastleman and DOES 1 through 20 are malicious, willful and oppressive in that they are intended to cause injury to Ability or were done with a conscious disregard of Ability's rights. Accordingly, Ability is entitled to an award of punitive damages according to proof at trial.

WHEREFORE, Ability prays for judgment against the Defendants, and each of them, as follows:

#### On The First Cause of Action

- 1. For general and consequential damages in an amount according to proof at trial which is no less than \$10,000.00;
  - 2. For further damages according to proof at trial;

#### On The Second Cause of Action

 For general damages in an amount according to proof at trial;

#### On the Third Cause of Action

- 4. For a declaration by the Court consistent with Ability's allegations in paragraphs 18 through 19 hereinabove;
  - 5. For Ability's reasonable attorneys' fees;

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### On the Fourth Cause of Action

- 6. For general damages in an amount according to proof at trial.
- 7. For punitive damages in an amount according to proof at trial.

#### On All Causes of Action

- 8. For costs of suit incurred herein; and
- 9. For all such other and further relief as this Court may deem just and proper.

DATED: August 22, 2013

BUCHALTER NEMER
A Professional Corporation

By:

MARK M. SCOTT

Attorneys for Plaintiff ABILITY CAPITAL SOLUTIONS, a California corporation

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March 15, 2013

Bryan Kastleman President of General Partner Hill Country Hillside Ltd. 2714 Bee Cave Rd. #204 Austin, TX 78746

Dear Bryan:

Hill Country Hillside Ltd. ("Lessee") has solicited bids and quotations for the leasing of Personal Property. Ability Capital Solutions and/or its assignee(s) ("Ability") has proposed a leasing arrangement to Lessee at such rates, terms and conditions as are acceptable to Lessee. It is the intent of Lessee to formally offer to Ability to lease the Personal Property pursuant to the following terms and conditions:

Lessor:

Ability

Lessee:

Hill Country Hillside Ltd.

Guarantors:

Bryan Kastleman

Credit Facility:

Master Lease Line of Credit

Lease Property:

Mobile Homes, Furniture, cost associated with delivery and set up

of mobile homes & other soft costs.

Lease Property Cost:

\$200,000.00

Term:

60 Months

**Payment Amount:** 

\$3,797.18

Advance Payment(s):

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Securitization Fee:

\$2,000.00

Rental Adjustment:

The lease rates quoted in this proposal have been calculated, in part, using an interest rate tied to the corresponding U.S. Treasury Note. The lease rate quoted is subject to change in the event such Treasury Notes yields fluctuate more than ten (10) basis points prior to the lease commencement date or where there is a material adverse change in the Lessee's credit.

Type of Lease:

The lease would be a triple net lease, whereby the Lessee would be responsible for all expenses related directly or indirectly to the transaction, including, but not limited to, maintenance, taxes (other than the taxes imposed on the net income of the Lessor), insurance coverage, etc. The Lessee would be responsible for certain indemnifications including, but not limited to, indemnifications against all hazards, liabilities, damages and risks of loss.

Documentation:

Lease Documentation will be Ability's standard lease documentation reflecting the terms and conditions of this Letter of Intent.

Reliance on Commitment:

Lessee agrees to provide Ability with a Deposit (the "Deposit") in the amount of the Securitization Fee plus the Advance Payment(s) concurrently with the signing of this lease offer. In consideration of Ability's time, effort and expense in considering and responding to Lessee's offer herein, this offer shall be firm and irrevocable for twenty (20) business days from the receipt by Ability of all documentation and information required by Ability. Should Ability approve this lease offer, the Advance Payment(s) shall be applied to the Lease transaction. In the event Ability accepts this offer and Lessee does not fulfill its commitment with respect to completion of the terms and conditions of this Letter of Intent, then the Deposit will be considered a processing fee earned by Ability. The Deposit shall be retained as liquidated damages by Ability if the Lessee does not supply the documents and information required by Ability or otherwise comply with the terms of this lease offer, there is a material adverse change in Lessee's or any guarantor's financial condition (as determined in the discretion of Ability) or if any material misrepresentation is made by the Lessee in connection with the documents and information submitted to Ability. If this offer is not accepted and approved by Ability within the twenty (20) day limit referenced above and Lessee revokes said offer in writing thereafter, the Securitization Fee shall be non-refundable and the Lessee's Advance Payment(s) will be returned in full within thirty (30) days of Lessee's written request.

Financial Information:

Lessee will provide financial statements and other business and financial information required by Ability within seven (7) business days of Ability's request.

Legal:

This Lease Offer shall be considered to have been made in the City of Long Beach, County of Los Angeles, in the State of California and shall be interpreted in accordance with the laws of the State of California. The Lessee submits and consents to the exclusive jurisdiction of any claims or causes of action arising out of this offer in any State or Federal Court located in the State of California.

Ability's review of this Lease Offer does not represent a commitment or offer by Ability to enter into the proposed transaction. A commitment would be subject to Ability's due diligence and credit approval and would be evidenced by Ability's signed written approval. Ability will notify the Lessee in writing of its approval. This transaction, if approved, is contingent upon the successful execution of all required final documentation.

Upon receipt of an executed copy of this letter along with the required Deposit in the form of a COMPANY CHECK in the amount of \$9,594.36 Ability will finalize its due diligence of this transaction.

We at Ability Capital Solutions look forward to pursuing a mutually beneficial relationship. In the event that any questions arise, please do not hesitate to contact me at 562-472-0510.

Sincerely,

Brian Acosta Equipment Finance Specialist Accepted By: 3 2

Printed Name: Kryon Fortleman

Title: President of General Partner

Date: 3-(5-13

#### ADDENDUM "1"

#### TO

### EQUIPMENT FINANCE PROPOSAL DATED May 29, 2013

This Addendum hereby supplements and is made a part of the Equipment Finance Proposal dated March 15, 2013 (the "EFP") by and between Hill Country Hillside Ltd. and Ability Capital Solutions and all related supplementary documents under the EFP.

Capitalized terms used in this Addendum without definition shall have the meanings set forth in the EFP, unless specifically modified.

With respect to the EFP referenced above, the terms and conditions are amended as follows:

Advance plus a \$475.00 documentation fee)
All other terms and conditions of the EFP shall remain in full force and effect. The EFP, as amended herein, sets forth the entire and final understanding between the parties with respect hereto.
IN WITNESS WHEREOF, this Addendum has been signed as of the date set forth below the respective signatures.
LESSEE  By:   Bry an K-qsfle man  Name:   Bry an K-qsfle man  Title:   Pesident of General Refner  Date:   C-2-13
ABILITY CAPITAL SOLUTIONS
Ву:
Name:
Date:

24 Months at \$2,976.84 (First and Last in

BN 4529827v1