



Nov. 7, 2011

## Case #201002

By Rick Archer

### Contracts

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**Allianz claimed defendants violated loan agreements**

**Settlement:** \$81,107,506.44

**Case Type:** Breach of Contract

**Case:** Allianz Life Insurance Company of North America v. Northland High Oaks LP, Northland High Oaks LLC, Northland Great Hills LP, Northland Great Hills LLC, Northland Lakeline LP, Northland Lakeline LLC, Northland Canyon Creek LP, Northland Canyon Creek LLC, Northland Fund LP, Northland Fund II LP and Northland Investment Corp., No. 1:10-cv-00353-LY

**Venue:** United States District Court, Western District, Austin, TX

**Judge:** Lee Yeakel

**Date:** 08-23-2011

**PLAINTIFF(S)**

**Attorney:**

- Jeffrey W. Hellberg, Jr.; Wick Phillips Gould & Martin; Dallas, TX, for Allianz Life Insurance Company of North America
- Jason D. Ray; Riggs & Aleshire; Austin, TX, for Allianz Life Insurance Company of North America
- Bryan J. Wick; Wick Phillips Gould & Martin; Dallas, TX, for Allianz Life Insurance Company of North America

**Expert:**

- None

**DEFENDANT(S)**

**Attorney:**

- Charles R. Bennett Jr.; Hanify & King; Boston, MA, for Northland High Oaks LP, Northland High Oaks LLC, Northland Great Hills LP, Northland Great Hills LLC, Northland Canyon Creek LP, Northland Canyon Creek LLC, Northland Fund LP, Northland Fund II LP, Northland Investment Corp.
- Scott K. Koelker; Locke Lord Bissell & Liddell; Dallas, TX, for Northland High Oaks LP, Northland High Oaks LLC, Northland Great Hills LP, Northland Great Hills LLC, Northland Canyon Creek LP, Northland Canyon Creek LLC, Northland Fund LP, Northland Fund II LP, Northland Investment Corp.
- William B. Steele; Locke Lorde Bissell & Liddell; Austin, TX, for Northland High Oaks LP,



Northland High Oaks LLC, Northland Great Hills LP, Northland Great Hills LLC, Northland Canyon Creek LP, Northland Canyon Creek LLC, Northland Fund LP, Northland Fund II LP, Northland Investment Corp.

**Expert:**

- None

**Facts:**

In December 2004, plaintiff Allianz Life Insurance Co. issued promissory notes to Northland Investment Co. to finance the purchase of four apartment complexes in Austin.

Allianz sued Northland, claiming breach of contract. The plaintiff claimed the defendants violated terms of the loan agreements and related documents, which required certain defendants to maintain a set net worth, to provide up-to-date financial statements, maintain the subject properties and to follow certain financial procedures. The plaintiff claimed that the defendant also failed to properly renew insurance policies and had diverted funds meant for repayment of the notes to other purposes.

Northland denied breach of contract and filed a counterclaim, claiming breach of contract, breach of good faith and fair dealing and tortious interference with a contract. Northland claimed it was not in violation of the agreements and Allianz had waived the financial procedures requirements. Northland denied it had failed to maintain the properties, failed to timely renew insurance, or improperly diverted funds. Northland claimed Allianz's claims were made in bad faith and in violation of the agreements in an attempt to force early repayment of the loan and foreclose on the properties.

Allianz denied breach of contract, breach of good faith and tortious interference.

**Injury:**

Allianz claimed that due to its breaches of the promissory note agreements, Northland was in default of \$71.7 million in promissory notes and was seeking that amount, plus default interest, prepayment fees and attorney fees.

Northland was seeking an unspecified amount in damages.

**Verdict Information** Following a bench trial where the court found for the plaintiffs, the parties entered an agreed judgement for \$81,107,506.44.

**Editor's Comments** This report is based on information that was gleaned from court documents and provided by plaintiff's counsel. Defense counsel did not respond to calls for comment.