

Dear Golf Course Estates at Creekside Owner:

The purpose of this letter is to update you on the status of a number of issues surrounding the Association's lawsuit against the owners of the Creekside Golf Club. As we have repeatedly communicated previously, the lawsuit was filed to prevent the development of the golf course into a 300-plus residential home development, thus preserving the enhanced property values of all owners living within the Estates at Creekside.

By way of background, on September 14, 2017, Judge Susie L. Norby ruled on summary judgment that the Declaration (CC&Rs) for Creekside are unambiguous, it binds the property on which both the Estates at Creekside and the golf course are located, and it requires that some form of a golf course exist at Creekside. Judge Norby then left open for trial what constitutes a golf course because it was not defined by the Declaration.

After trial, on May 25, 2017, Judge R. Curtis Conover also ruled that the Declaration is unambiguous. However, he reversed Judge Norby's earlier decision and ruled that a golf course does not need to remain at Creekside in perpetuity. He further determined that any use of property permitted by the Declaration, including residential development, could occur on the property housing the golf course.

To summarize, two different judges have looked at the Declaration, determined that it is unambiguous, and reached polar-opposite conclusions.

On September 5, 2017, the Association filed a formal appeal of Judge Conover's decision with the Oregon Court of Appeals. In the appeal, the Association is asking the Court of Appeals to overturn Judge Conover's ruling and find that a golf course must remain at Creekside forever.

On September 12, 2017, the golf course owners filed a motion asking Judge Conover to require the Association to reimburse them more than \$524,000.00 for their attorney fees and costs. The Association, of course, objected to this motion.

A hearing on the attorney fee and costs issue was held on March 1, 2018. At the conclusion of the hearing, Judge Conover reduced the amount sought by the golf course owners by more than \$100,000.00. He awarded the golf course owners \$422,788.71 in attorney fees and costs recoverable from the Association. The supplemental judgment awarding the golf course owners these attorney fees and costs was entered by the Court on March 20, 2018.

On March 26, 2018, the Association filed a formal appeal of the supplemental judgment. In order to prevent the golf course owners from collecting the awarded attorney fees and costs while the appeals are ongoing, the Association sought financing to bond the judgment. (If the judgment was not bonded, then the golf course owners could have taken collection actions against the Association to collect on the judgment.) Therefore, in order to bond the judgment, the Board took out a loan of \$500,000.00 from NW Bank.

The loan is for a term of 20 years. The collateral pledged to NW Bank is the Association's right to assess the owners if the Association is in default on the loan. If the Association is not in default, then NW Bank cannot take action against or assess the owners. Monthly loan payments are approximately \$3,500.00/month.

We understand that many owners may be concerned by the Association obtaining financing to bond the judgment while the appeals are ongoing. Many others may even disagree with this course of action. However, we can assure you that the Board did not take this action lightly or without performing its due diligence. Great deliberation has gone into this decision.

Nevertheless, in pursuing the appeals and bonding the judgment, the Board ultimately remains certain of two fundamental truths: (1) the values of *all homes* within the Estates at Creekside, not just those located along the golf course, receive a substantial increase because of the existence of the golf course in comparison to those neighboring communities that are not a part of Creekside, and (2) the Declaration for Creekside requires that, once established, a golf course must forever be maintained at Creekside. Thus, in pursuing this course of action, the Board is striving to act in the best interests of all owners.

We welcome any questions that you may have, and encourage you to reach out to the Board to ask those questions. Please attend a board meeting or send an e-mail to the Association's community manager to seek answers to your questions. Nonetheless, please understand that because of the pending appeals, we may not be able to answer all questions. We are not trying to be evasive; rather, we must protect the attorney-client privilege and case strategy while the litigation is ongoing.

Thank you again for your continued support.

Very truly yours,

Board of Directors,

Creekside Homeowners Association