



August 20, 2007

To the homeowners of Apache Wells,

The decision by Judge Hicks is a significant victory for "Save Apache Wells". While her decision was limited to deciding that the Association needed more than 50 % of all owners and not just those that voted to pass the special assessment, it effectively halts the special assessment and community center project. It also puts us in a very strong position for addressing our remaining claims against the Association for Abuse of Fiduciary Duty, which basically are our claims against the Board of Directors for running roughshod over the rights of homeowners.

At this point we think it best that we once again make an effort at a dialogue with the association, wherein we seek to address the ongoing abuses by the Board, and address our claim against them for our attorneys fees. Mediation (scheduled for October 22, 2007) should be a good means of seeking to address such issues while we at the same time try to keep the emotional and personal nature of this dispute to a minimum. If the association continues to have no interest at compromise and continues to have no interest in acting with an open mind and in a respectful manner with all homeowners, then we are in a good position to seek damages against the board members and their insurance carrier.

We also remain confident about our chances of prevailing on the boards appeal of our challenge to the transfer fee. A victory in that matter requiring they only charge \$300 as a transfer fee and possibly requiring the board pay our attorneys fees in that matter would also put us in a better position to obtain damages against the Board and to bring about a positive change in the management of the Association.

Of course, given what we perceive as the significant arrogance of the Board and many of their supporters, and given their attorneys blind allegiance to this Board despite significant evidence that the Board is acting against the interests of the Association and its members, it may take some time for the Board and their insurance carrier to come to their senses. However, we are confident that with time that the victory today will provide a significant incentive to the Board to reasonably address the legitimate concerns that we have expressed in this litigation.

At some point the association will likely agree that it is in their interest to focus on resolving their differences with dissident members of the community, rather than worsening them. Once they are prepared for a dialogue based upon mutual respect and the best interests of all homeowners, and not just those that share their views, we will be happy to accommodate them. Until then, however, we can assure you that we will remain vigilant.

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