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April 30, 2007

J. Gary Linder, Esq.
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2901 N. Central Avenue, Suite 800
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Re: Dosher v. Apache Wells Homeowners Association

Dear Gary:

We are in receipt of your letter of April 26, 2007. The Homeowners Association has apparently had a significant change of posture over the past month. Your letter suggests we pursue a much different approach than had been discussed with Eric Jackson.

In Eric Jackson's letter of March 27, 2007, the purpose of the Association's agreement to refrain from collecting the special assessment was to allow your client to provide documentation to our clients for review, so that we could thereafter meet to explore a resolution of this dispute. As stated by Mr. Jackson "It is my understanding that after I have delivered the documents to you, you will meet with your clients and we will, hopefully, set up a meeting to try to resolve the issues of the action". The special notice dated March 26, 2007 advising homeowners not to pay their special assessments specifically advised that "Until such time as there has been an opportunity to review all issues raised, we have decided to delay implementation of the $6,020.00 special assessment", and further provided that "You will be advised when all issues have been resolved, and at that time a new payment date will be announced".

It was our understanding that we would be provided with documentation and information, that we would be allowed to evaluate that information, meet with our clients, and then meet with the homeowners association to explore a resolution of this matter. We are now being advised that "it is the intention of the Board of Directors to move forward with the special assessment in the very near future", and "I would like to move forward with the litigation your clients have initiated". Instead of scheduling meetings for our clients to address these issues, you are busy scheduling depositions.

You have apparently determined such a tact to be in the interest of your client based upon your analysis, wherein you have concluded "We have organized these documents by listing the documents that demonstrate that the allegations in your clients complaint are without merit". You further boldly assert that "Based upon my review of the documents, I fail to see how any member of the Association could claim they were not provided with adequate information regarding the use or need for the special assessment". After hearing only your client's side of the story, you apparently have already concluded that our clients' claims lack merit, that our clients were provided with all documentation and information to which they were entitled, that there is no point in meeting, and to the contrary, that the Association should once again bludgeon ahead.

While we certainly can grant your wish, and diligently seek to assert our claims, seeking injunctive relief, conducting depositions on our own, and otherwise undertake the vigorous prosecution of these claims, which will likely only divide this community further, your suggestion that moving ahead is the right thing to do and that "the Board of Directors is under a legal obligation to collect said special assessment by virtue of the special election", we believe is highly irresponsible and evidences a complete lack of concern for your client's obligation to act for the best interests of everyone involved. Our discovery and depositions shall establish that significant information and documentation was purposely withheld from our clients, that your clients have purposely sought to skew the election results by allowing signs to be posted which your clients admitted confused voters, that your clients have completely disregarded their own by-laws, that your clients have improperly burdened the Homeowners Association to pay a significant special assessment, while the country club members pay nothing, and that your client is irresponsibly seeking to put the burden of operating a pro shop and restaurant on the Homeowners Association, although neither of those ventures will benefit the Homeowners Association.

Prior to the election, it was clear that this was an extremely contentious issue and that the vote was likely to be heavily scrutinized. Unfortunately, despite the significant distrust on

both sides, and despite the assurance of the Homeowners Association that they would diligently take steps to ensure that the homeowners had confidence in their vote, the Homeowners Association ignored their promises and acted with complete disregard as to whether the election was held in a reasonable manner or not. As indicated above, there were signs placed throughout the property, stating "Save Apache Wells, Vote Yes". As I assume you are well aware, the position of the Save Apache Wells organization, whose name is reserved with the Arizona Corporation Commission, was to defeat the special assessment vote, and as such supporters of "Save Apache Wells" were supposed to vote "No". Our clients contacted the Homeowners Association to express their significant concern over the confusing signs. Your client sent a letter back dated February 11, 2007, from the HOA President, Marvin Stoll, which acknowledged that the signs were a "subterfuge" and that he agreed that such "confusing information should not be put forth", but then claimed that the HOA had no ability to cause the sign to be removed and that "no further action shall originate from this office". The Association President apparently ignored the fact that such signs are specifically prohibited by the CC&Rs, and rather claimed to have no responsibility for addressing the issue, since the President allegedly did not know which of his supporters had put up the sign.

In an effort to ensure confidence in the election process, Dee Miller, who had been the election chairman for as long as most homeowners can remember, was supposed to be completely in charge of this election. As indicated in the Minutes of the February 15, 2007 meeting, "Dee Miller is in charge and she and her election committee have full control and are in charge". However, when the election actually took place, Dee Miller was pushed aside and not allowed to control the procedure and means by which the election was conducted. Rather, the Association insisted on votes not being anonymous, as they had been in the past, and insisted that a ballot box not be used and rather that the ballots simply be handed to election workers, which were controlled by the Board of Directors. Despite promises to the contrary, Dee Miller did not "have full control", and she was not "in charge".

The owner of Taylor Ray's Restaurant has indicated to me that the Association will, in his opinion, lose money year after year in its effort to operate that restaurant. Nevertheless, the Association is apparently insistent upon not even discussing alternatives to its plans, or even allowing any input from numerous homeowners that have questioned the logic of many of the Association's proclamations.

This litigation is not simply about winning and losing. Either side could win and the community could still lose. We are at a loss to understand how the Association can suggest that the Homeowners Association's actions have always been reasonable. From our

perspective, the Association has sought to quell dissent, mislead voters, withhold information, ignore the by-laws, refuse to consider alternative viewpoints, refused to consider its obligation to ensure that its actions are not skewed by its financial stake in the country club, refused to sufficiently plan and evaluate different options, and that your client's goal is not to bring the community together, but rather to shove its plan down the throats of any dissenters. We hardly believe such a tactic to be in the interest of the community as a whole.

Since we waited a month for your client to gather documentation and provide it to us, we hope your client will be agreeable to providing us with some time to review the information provided and thereafter to explore some sort of informal resolution. Contrary to your suggestion otherwise, we dispute that the Board of Directors is under a legal obligation to collect the improper special assessment, and to the contrary, we assert that your Board of Directors is obligated to sit down with us and attempt to address these issues with an open mind.

Please contact me to discuss this matter.

Very truly yours,

CHEIFETZ IANNITELLI MARCOLINI, P.C.

By:_____
Steven W. Cheifetz
For the Firm

SWC/car
cc: Eric Jackson, Esq.

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