

The Fairways at Fieldcreek Ranch

“A Common Interest Community”

May 12, 2011

To: Homeowners at The Fairways at Fieldcreek Ranch

From: Fairways @ Fieldcreek Ranch Association

The purpose of this letter is to inform the homeowners currently living within the Fairways community, about the recent commotion at 12910 Silver Wolf Road and the actions of the Board of Directors relating to that activity.

We were first made aware of the activity on May 2, 2011 when a concerned neighbor notified the property manager at A`La Carte. That evening, at the home site, the members of the Board were introduced to the homeowners of 12910 SWR and the HBO location manager and inquired about the “guests”. During our conversation, it was learned that the owners had entered into a contractual agreement with Home Box Office, Inc., to conduct commercial activities within the interior of the home and that the homeowners *were to* have been paid for this commercial use of the residence.

The following morning, May 3rd, we met with our legal counsel and discussed the alleged violations of the Fairways CC&Rs, the possibility of the violation of other Nevada laws regarding program content, and a strategy for shutting down the activity, including issuing fines and/or litigation. Counsel advised the Board to speak directly with the homeowner and film crew, retrieve a copy of the contract between them, and instruct all involved parties of the immediate need to remove the commercial business from The Fairways. If necessary, we would proceed with legal action, including a cease and desist letter and a temporary restraining order.

Heeding Counsel’s advice, the Board promptly met with the homeowners, HBO’s producer and location agent regarding the commercial project. The original contract including the schedule of events, nature of the TV program, and the value of the compensation to the homeowner was reviewed. The HBO producer stated that they had been erroneously assured by the owner that he had the right to enter into this agreement without the consent of any other party (confirmed by the contract signed by the homeowner). Additionally, the HBO producer and local agent stated they were completely unaware they were operating within an HOA with active and enforced CC&Rs. He further stated that due to the substantial investment HBO had committed to this and other film locations within Reno, they would do everything that could be reasonably agreed upon to ensure that filming would not stop.

The Board’s summary of these meetings and consultations was:

- Violations of Section III, paragraph B of the Fairways’ CC&Rs were (allegedly) taking place.
- Our counsel, after consulting with experts in criminal law, concluded that the nature of the commercial activity posed no criminal offense; thus hindering The Fairways in obtaining an emergency temporary restraining order.

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- A cease and desist letter followed by a non-emergency restraining order would not be sufficient or timely enough to stop the activity *before it was complete*.
- Post-event litigation would be lengthy and extremely costly.
- HBO had expressed the willingness to pay a settlement to the Association for alleged violations of The Fairways' CC&Rs.
- Immediate action was necessary in order to prevent a re-occurrence of this event in the future by any other homeowner or commercial business.
- The Board felt it was a priority to prevent the homeowner from profiting from this venture.

In consideration of the above summary, The Board made a unanimous business decision to have The Fairways substantially compensated for the alleged violations. Both HBO and the homeowners of 12910 SWR agreed to settle this dispute and met The Board's demand for the homeowner to completely forfeit, to The Fairways, all intended profits, equaling their original contracted amount. In addition, a settlement was reached with HBO, Inc.

Counsel for The Fairways drafted the settlement agreement which outlined The Fairways' stipulations. This settlement agreement was signed by all parties, including the homeowner, on May 5th, 2011. All monies were received by the Association on May 6th, 2011 and were placed in the Association's general fund. Any discussion will take place at the next scheduled Board meeting in August.

We thank you for your time and patience as we continue to work through this unfortunate event within our community. HBO, Inc. agreed to exit the Fairways no later May 16th.

Respectfully,

The Board of Directors

Rita Eissmann

Jim Manly

Rich Braband

Larry Morasse

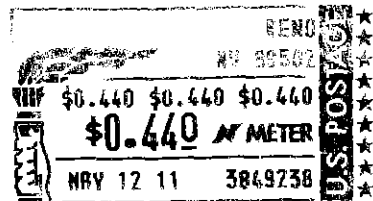
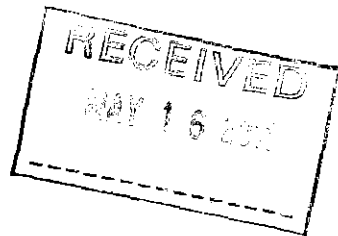
Jeff Houston

The Fairways at Fieldcreek Ranch

Cc: Nancy Gilbert, esq.

Professionally Managed By: A`La Carte Association Management, LLC
1575 Delucchi Lane, Suite 115/22, Reno, NV 89502
775.824.0777 • 775.824.0778 FAX
sharon@alacartemanagement.com

The Fairways at Fieldcreek Ranch
c/o A`La Carte
1575 Delucchi Lane 115/22
Reno, NV 89502



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Reno, NV 89502

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