



Master Homeowners Association

Dear Resident of the Ranches,

We write to let you know that June 30, 2017 will be the Master Association's last day of operations. You will have no assessment obligation after that date. We have already released the master declaration (CC&Rs) from your respective titles and cancelled all automatic payments going forward.

Please understand that, while you will have no assessment obligation starting July 1, 2017, you are still obligated to pay all assessments through June. There are two very important reasons you should fulfill this obligation. First, it is simply not right for anyone not to pay their fair share. Second, payment now can satisfy your lingering obligation and provide protection against collection, for past services provided, that may be instigated after formal operations have ceased. Even though we do not believe you have any contractual obligation to pay assessments, we believe there is a clear legal obligation to pay assessments under a doctrine known as unjust enrichment. This is simply a doctrine that says people must pay for benefits they receive. In fact, the recent court ruling recognized the applicability of this doctrine to the services provided to each of you.

Since the court ruling came down, the Master Association has been working very hard to do everything required to wind down our operations and ensure there is no disruption of services to you. We will be finished with these many tasks by the end of this month. It is these services that obligate you to pay assessments through June. If you are behind in your assessments, we strongly encourage you to come current as quickly as possible, but in no event later than June 23rd, to avoid future legal problems. If you think there may be extenuating circumstances that we should consider in arriving at a compromised amount with you, contact us immediately so that we can work something out before collections are turned over to the plaintiffs.

Aside from your obligation to be current on your assessments (but no contractual late fees, etc.), we are not aware of any legal liabilities the recent judgment against the Master Association creates for you, and you should not pay anything except your assessment through June.

Some of you have paid assessments for months after June. We recently filed a motion in court seeking permission to refund these assessment to you. We argued that, because we will not be providing any services after June, all assessments paid for months after June should be refunded. The court denied our motion. Accordingly, we cannot refund these payments without exposing you to legal liability.

We have already paid the plaintiffs \$650,000, which represents almost all the money the Master Association has in its accounts. At the end of the month, we will pay the plaintiffs the remaining amount in our operating account. Although this will likely total less than the \$800,000 they were originally hoping to recover, it will actually represent much more money than the current members of the plaintiff sub-associations paid in attorney fees. This is because approximately \$260,000 of the \$800,000 the plaintiffs paid in attorney fees was paid by members who no longer live in the sub-associations. Thus, each of the remaining members will get much more than they paid to fund the lawsuit. We trust the plaintiffs will be satisfied knowing that we have given them all we have to give.

It has been an honor serving you these many years. We are sorry to see the dream of our master community come to an end, but we look forward to living in peace with our friends and neighbors.