

TO: Maddex Farm Homeowners Association Members
FROM: Lella Amiss E. Pape
RE: Legal Update
DATE: March 17, 2011

MEMORANDUM

Maddex Farm – Legal Update

The Community has requested that a legal update be provided to the Members concerning issues raised by the Maddex Concern Committee and its various members. Legal fees were incurred to address the various issues raised as a challenge to the process and procedures of the current Boards of Directors', and past Board's processes regarding director elections, director nominations, board meetings, architectural approvals and other management issues.

Since the Members meeting of October 23, 2010 where these issues were addressed with the membership, the Board continues to incur legal fees in responding to a member's request for inspection of the books and records of the Association, a request made both before and after the October membership meeting. Since the membership meeting, the Association has spent in excess of \$1,200.00 responding to the inspection request encompassing current and past records of the Association, in addition to funds spent prior to the annual meeting of almost \$9,500.00. An attorney for the member also requested records, and extensive responses have been prepared to numerous emails and letters from this member's legal counsel. Records were made available, various times for the review of the records were set, but the member has not yet reviewed the records.

A lawsuit has now been filed in the Circuit Court of Jefferson County, West Virginia against the Maddex Farm Homeowners Association. This lawsuit now **affects each of you as owners in the Maddex Farm Community**. The Board did anticipate that this could happen, and placed the community's insurance carrier on notice of potential claims against the insurance policy (Directors and Officers coverage). The Board has turned the matter over to the insurance carrier to provide the defense in the proceeding. While the carrier is expected to cover most of the costs of defending the Association, there will be legal fees incurred by the Board that will not be covered by the insurance carrier, meaning that each member will be affected by expected increases in future Association costs.

This lawsuit is about keeping your personal information, gathered in faith by the Association, private, and maintaining compliance with Federal Law on privacy issues. Such information can include credit card numbers, personal contract details, builder contract details and pricing, assessment account information to include checking accounts and payment methods, along with email and phone number information on each member.

The path Mr. Logan has been given to obtain the documents is exactly the path ALL homeowners can work through in order to obtain records. The Board and Management have provided Mr Logan with a path to receive all the documents he is entitled to, but he has chosen

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not to review the documents under what the Board and Management believe are reasonable guidelines, and instead, has filed the lawsuit.

The lawsuit is a public document, and a copy has been placed on the website, to conserve costs. The Board will additionally be placing a link to the exhibits to the lawsuit on the community website at www.maddexfarm.org. If you do not have internet access, please contact Renee Hall at PMP, phone number 301-694-6900 extension 1023 to obtain a copy of the lawsuit.

The Board recognizes you have many questions; therefore the Board will reconvene on Tuesday, March 29, 2011 at 7:30 p.m. at the Clarion Hotel & Conference Center located at 233 Lowe Drive, Shepherdstown, WV in Salon A, wherein a large portion of the meeting will be dedicated to the community for questions, answers and input. Additionally, the Board will complete unfinished business from the March 15, 2011 meeting. Please plan to attend this very important meeting. A copy of the agenda is included with this mailing.

From the desk of

LELLA AMISS E. PAPE

Rees Broome, P.C.

7430 Heritage Village Plaza, Suite 202

Gainesville, VA 20155

571-261-1970 (Gainesville)

703-790-1911 (Tyson's)

571-261-5873 (Fax)

Website at www.reesbroome.com

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