

IMPORTANT INFORMATION FOR PDS POA OWNERS

Status of the Lawsuit by DiDonato, Kaunzner, and Chidester (Plaintiffs) against the PDS POA.

1. At the October 10, 2016 Board of Directors Meeting the below information was disseminated as it is now public record. See Case No. CV201600007, Cochise County Superior Court.

In summary:

- On August 15, 2016 Judge Hoggatt, Cochise County Superior Court trial judge, ruled on the compelling motion for summary judgment. Judge Hoggatt ruled that the Plaintiffs, DiDonato, Kaunzner, and Chidester, prevailed in their cause to declare the CCR&s invalid because they were not properly extended.
- On August 15, 2016 Judge Hoggatt ruled in favor of the Defendants (PDS POA) that the Plaintiffs were not entitled to any statutory monies because there was no encumbrance to their titles. Judge Hoggatt rejected their demand for \$5,000.00 to each Plaintiff.
- On September 27, 2016 Judge Hoggatt ruled in favor of the Defendants (PDS POA) that the Plaintiffs were not entitled to an award of attorney fees of almost \$40,000.00. Judge Hoggatt awarded the Plaintiffs zero dollars in attorney fees. He did find that the PDS POA was obligated to pay Plaintiffs' court fees in the amount of \$312.00.

2. The PDS POA Board of Directors unanimously voted in Executive Session on September 12, 2016 to appeal the Summary Judgment. The PDS POA Attorneys are in the process of preparing and filing that appeal. It is possible that the final conclusion of this case, an appellate ruling, may not occur until the second half of 2017.

3. Please recognize this is the most current state of this lawsuit but it is far from its final conclusion. We are involved in a legal process that is a series of steps involving motions and decisions common in most litigation cases. The PDS POA Insurance Company (CNA) has agreed to cover all our (PDS POA) legal fees to date and will continue to do so during the appeal phase. This litigation has cost the PDS POA the \$1,000.00 deductible of our liability policy.

4. The BOD reiterates that this litigation is focused solely on whether the Extension of the CC&Rs was done correctly. This judgment in no way impacts the future existence of the PDS POA. Although the CC&Rs are currently declared invalid by the trial judge, a decision that is being appealed, the Association continues to operate temporarily on a voluntary basis by each Owner who wishes to do so, but without the CC&Rs in force. More information on the impact of this judgment on the ability to execute our obligations as an Association will be forthcoming, again when the next legal steps are completed.

5. We will continue to keep you advised as more decisions are made. We are now expecting that final conclusion of this litigation (the appeal) may last as late as mid-2017.

Theodore J Pahle, President PDS POA

October 13, 2016