

*Chateau Foret Board of Trustees*

3783 South 500 West Suite 8

South Salt Lake, Utah 84115

(801) 566-1411

Homeowners at Chateau Foret Condominiums

November 20, 2018

(Sent via email and regular mail to each owner and posted on Chateau Foret's website.)

Dear Chateau Foret Condominium Owner,

In preparation for the upcoming annual meeting of the Chateau Foret Homeowners, its Board of Trustees provides this status report concerning the pending litigation between Chateau Foret and the garage owners. This letter provides accurate information concerning the litigation.

There is no enforceable recorded easement or use agreement allowing the garage owners access across Chateau Foret's common areas and this has been a chronic issue and sore spot at Chateau Foret for a very long time. In the November, 2014 annual owners meeting, the Chateau Foret Board of Trustees was charged with finding an enforceable resolution to this issue. Since then, the Board has earnestly sought the mandated resolution of this issue. Though the makeup of the Board has changed in the last four years, at least one member of any of the Boards also owned one or more garages. Nonetheless the Board has acted unitedly in its efforts to find an amicable resolution, while maintaining its stance that, in fairness, the garage owners needed to pay toward the ongoing maintenance and necessary capital improvements of a defined, recorded easement.

Between 2014 and 2016, the Board pursued resolution with the purported representatives of the garage owners in the form of a comprehensive easement agreement. When by the fall of 2016, the garage owners were only willing to pay collectively and annually the total of just 2/10ths of 1% of Chateau Foret's annual operating costs as their fair share of the expenses of maintaining their access, the Board determined that litigation was its only recourse. Formal litigation commenced in the Spring of 2017.

In litigation, Chateau Foret concedes the existence of an easement; seeks fair payment from the garage owners for their use of Chateau Foret's common areas and elements, such as utility access, lighting, fire protection, snow removal, asphalt repair and maintenance and garbage removal; and, suggests a formula to the court for determining that fair amount. The garage owners seek an easement for access and utilities, and though they concede that they may be obligated to pay a proportionate share of the costs associated with their access across Chateau Foret's common areas (but nothing toward other common elements), they provide no formula for determining their proportionate share.

To the best of the Board's knowledge this is the position of each of the garage owners, except for current Board of Trustee Reza Ghazvini, who agrees with Chateau Foret's position. Mr. Ghazvini has signed the comprehensive easement agreement last offered earlier this year to all garage owners that would have had each garage owner paying only approximately \$5.00 per month. That offer was rejected by all the rest of the garage owners.

It should be noted that 11 of the 22 garages are owned, respectively, by 2 non-Chateau Foret unit owners. They use their garages strictly for generating revenue for themselves. The 2 garage owners are in the business of renting out their garages. This is done in violation of the Garage Association's own

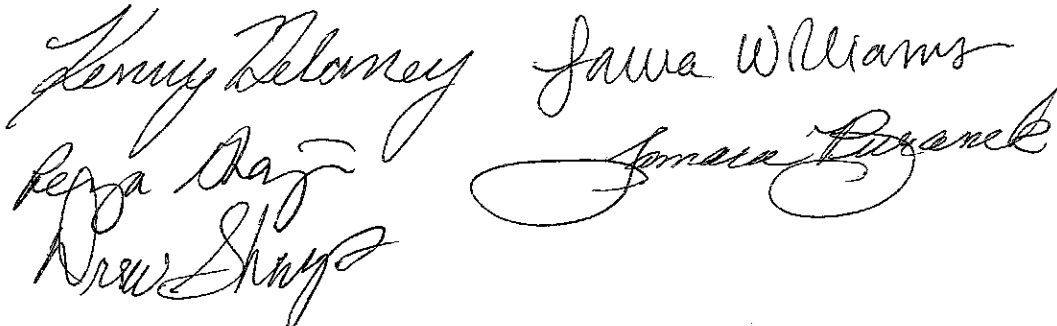
CC&R's and Holladay City's zoning laws. There are 6 Chateau Foret condo owners who also own one or more garages and oppose the suit (except Mr. Ghazvini who owns 1 Chateau Foret Condo and 2 of the remaining garages).

John Schmidt is one of these 6 owners who currently owns one condo and garage. Mr. Schmidt and Eric Frady recently sent letters out to all of the Chateau Foret condo owners criticizing the Board for maintaining the lawsuit against the garage owners. While Chateau Foret respects both Mr. Schmidt and Mr. Frady for sharing their opinions and appreciates their effort to get owners to attend the annual meeting, their opposition must be viewed with full disclosure. In his letter, Mr. Frady fails to reveal that when he served on the Board he voted in favor of pursuing resolution of the garage owners' access issue. He may have changed his position since, but he was in favor while he served on the Board. In his recent letter, Mr. Schmidt asks emphatically for those not able to attend the annual meeting to send him their proxy vote – to be cast in favor of new Board members who will oppose the lawsuit. Mr. Schmidt fails to reveal, however, that his condo is up for sale, but he will continue to own his garage. He also fails to reveal that he sits on the Garage Association' board of trustees. Obviously, Mr. Schmidt's call for opposition to the lawsuit is self-serving and his position is not representative of the best interests of all Chateau Foret condo owners.

Chateau Foret's position in the suit is well founded upon fundamental Utah easement law which provides that those entitled to an easement have a duty to pay toward the costs of maintaining the easement. The formula for calculating and the resulting nominal assessment last proposed to the garage owners and asserted in the law suit is fair. The Board believes that the garage owners' opposition strategy is to wage a battle of attrition – to outspend and run up litigation costs to Chateau Foret to the point where it can no longer fund its suit. For as long as they can, the garage owners will continue their free and unrestricted use of Chateau Foret's common areas and elements. Meanwhile, a portion of every dollar paid by Chateau Foret's owners will continue to benefit the garage owners. But for the garage owners' unjustified opposition, a fair and mutually beneficial resolution to the easement issue would have been achieved long ago.

A trial in the lawsuit is close at hand, despite the opposition's efforts to convolute and delay. All of Chateau Foret's good faith effort and expense devoted thus far to obtain the owners' mandate to resolve the easement issue will be wasted if Chateau Foret does not continue the fight. For the forgoing reasons, the Chateau Foret Board of Trustees is unanimous in its resolve that Chateau Foret continue the suit to its conclusion. If you cannot attend the meeting, but would like to participate via proxy, any member of the Board would be happy to carry your proxy into the meeting. For your convenience, a proxy form is attached.

Sincerely,  
Chateau Foret Board of Trustees



Kenny Belmont Janna Williams  
Rega Day  
New Shays