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January 29, 2009

Members
Lushmeadows Association, Inc.
C/o Board of Directors
5979 Meadow Lane
Mariposa, CA 95338

Re: **LMA vs. Taggs; Wray and Whalleys v LMA**

Dear Owners:

This is an update on the *LMA v. Taggs* and related *Wray and Whalleys v. LMA* lawsuits.

Judgment was entered on both actions, in the Association's favor, on December 22, 2008 in Mariposa County Superior Court. The court found in favor of the Association and the judgment provided that the 2003 CC&Rs are valid and enforceable. The Judgment also provided that the Association is entitled to reasonable attorneys' fees and costs.

The Association has filed a Memorandum of Costs and a motion for attorneys' fees in order to inform the court of the amount of fees and costs claimed. Taggs, Wray and the Whalleys filed a Motion to Tax Costs, objecting to some of the requested out-of-pocket costs. I have prepared opposition to the motion, which will be heard on March 9, 2009 at 10:00 a.m. in Mariposa County Superior Court. Our motion for attorneys' fees will be heard at the same time. We requested an earlier hearing date, but opposing counsel was starting maternity leave on January 15, and expects to give birth on February 3, 2009, so March 9 was the earliest date we could agree upon. We expect that Taggs, Wray and the Whalleys will oppose our motion for attorneys' fees and will request the court award less than the amount we are seeking. I will write to you again after the hearing.

Taggs, Wray and the Whalleys have already filed a Notice of Appeal of the underlying judgment. The Notice does not state the grounds for appeal. The parties will have to designate the record for appeal, and the court will establish a briefing schedule. Taggs, Wray and the Whalleys will be able to prevent the Association from executing on the judgment by filing an appeal bond. However, the judgment will bear interest at ten percent per year (which is better than you would get if you invested in a certificate of deposit). Unless we lose the appeal, which I believe is unlikely, the bond would be a source of payment of the amount of the judgment.

The appeal will not involve any testimony or any new issues. Taggs, Wray and the Whalleys will have to try to convince the Court of Appeals by writing a brief, based upon the existing evidence, that the trial judge made errors of law or abused his discretion. I believe they have an uphill battle.

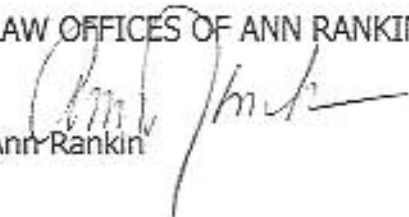
The case was heard by an experienced trial judge. I believe he was fair and even-handed. I do not believe the witnesses on behalf of Taggs, Wray or the Whalleys did well in their trial testimony. However, the losing parties have a legal right to appeal, and, as a result, it is likely that this matter will not be fully resolved for another year or so.

I have asked the Association to pay my outstanding legal fees, which are over \$100,000, since it is not fair to ask a small law firm to carry such a large outstanding balance for such a long period of time.

I will continue to report to you as new developments occur. I wish all of you a happy and prosperous 2009 in your beautiful area.

Very truly yours,

LAW OFFICES OF ANN RANKIN


Ann Rankin

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