

Dear Granada Resident,

It is with respect and gratitude that the Granada Neighborhood Association board is able to report that the lawsuit between the HOA and the Cmerek's has been settled and that settlement was filed in District Court. This lawsuit has consumed and in many ways divided this community for the better part of two years, and was a huge financial burden to both the Cmerek's and your HOA. In coming to this settlement it is important to note the settlement clearly states the building the Cmerek's built on their property did not violate any part of the Declaration of Covenants, Conditions, Easements and Restrictions of Granada Estates, Sections Three and Five. The settlement also states that the Cmerek's did not violate any obligations imposed upon them by the declarations in regards to the planning, design, submittal, approval and construction of the building and that their building, as built, has been approved in accordance with the declarations.

The settlement also states that Jason Ray, Damion Brinson, and Rick Perkins, members of the former Architectural Committee, did not violate any obligations imposed on them by the Declarations, the Felder letter, applicable Texas statutory laws, and applicable principles and theories of common law with regard to this matter. It was further ordered in the settlement that all claims among all parties are dismissed in their entirety, and that each party is to bear its own costs and attorney's fees.

So where does this leave us? It leaves us in a great place to start healing this neighborhood. This lawsuit was an experiment in having the HOA take on a role in the deed restrictions which is clearly better left to the property owners. In resolving this lawsuit, this board brought in a disinterested third party to evaluate the claim, our standing in regards to that claim, and give us advice. We discussed our fiduciary responsibilities to you versus any benefit that could come from a protracted legal fight and determined unanimously to settle this suit. Our instincts were right, as is evident by the agreed order which states no party was wrong in this matter and that the Cmerek's building did not violate any deed restrictions or covenants.

As we move forward, your board has taken steps to prevent the HOA from being needlessly embroiled in another lawsuit for violations of deed restrictions. The board passed a resolution in January stating it will not use Association funds in the future to bring legal action against any resident of Granada Hills for violations of their deed restrictions. We had the Felder letter analyzed by our legal counsel, and they determined it has no standing and is unenforceable. Therefore, there was not a global Architectural Committee created to govern all the sections. The deed restrictions for each section of Granada detail how to form individual Architectural Committees for each section. The only way for a global AC to exist

is for each section of Granada Hills to vote to amend their deed restrictions and create a global AC, but that process would be complicated, time-consuming, and expensive.

In the future, if a property owner feels a neighbor has violated their deed restrictions, then it is up to that neighbor to bring a suit with their own resources, not the resources of the HOA. Perhaps that neighbor will seek out the input of a correctly formed Architectural Committee and/or other neighbors affected before filing such suit. We hope these instances are few and far between because we believe our neighbors would much rather engage each other in a civil manner and resolve disputes without needing to file legal action. If you have any questions about the settlement and/or the Architectural Committees we encourage you to contact the board members individually or come to one of our upcoming meetings.

Sincerely,

Granada Hills HOA Board of Directors