

May 4, 2018

Members,
Sierra Canyon Owners Association

Re: Disclosure Concerning Litigation

Dear Members of Sierra Canyon Owners Association:

Please allow this letter to serve as a disclosure and update regarding the status of litigation.

A Complaint was filed regarding the dehumidifier against Pulte on August 29, 2017. Pulte moved to dismiss, arguing that the Association had not complied with construction defect pre-litigation requirement. We opposed this Motion on the basis that the claims were not grounded in construction defect but rather Chapter 116. Unfortunately, the Court disagreed with us and dismissed the action without prejudice in December 2017. We have filed a notice of appeal and the Supreme Court of Nevada has ordered mediation of this matter. In the meantime, Pulte's expert and the Association's expert have communicated and attempting to agree to a joint scope of repair. We understand that they are in agreement about a potential repair and are waiting to receive the scope of such a repair from Pulte. We also understand that the Association has gone out to bid on a full replacement of the dehumidifier. The mediation has been scheduled for June 11, 2018, and we hope the Association can reach a resolution with Pulte at this mediation.

The Board of Directors also authorized that a Chapter 40 Notice be sent to Pulte to notify them of problems with drainage and grading behind Villages 12-15, which was done in late 2017. Despite Pulte's counsel informing us over two months ago that they will be responding with an election to repair and a description of repairs, none has been received. The next step would be to seek a homeowner vote to file a lawsuit and/or to schedule a mediation. We have reached out to Pulte's counsel again regarding the proposed repairs and/or scheduling a mediation.

This is the current status of potential litigation involving the Sierra Canyon Owners Association. As always, please do not hesitate to contact us.

Sincerely,

MADDOX, SEGERBLOM AND CANEPA, LLP

Eva G. Segerblom

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