



Higgins Lake Property Owners Association

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May 5, 2017

Subject: HLPOA BOARD SPRINGSTEAD LITIGATION SETTLEMENT STATEMENT

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Dear HLPOA Members.

Attached is a Clarification Statement Resolution of the HLPOA that the board agreed to in order to reach a settlement of the Springstead litigation filed against HLPOA members. The vote to approve the settlement was not unanimous. A settlement at this stage of the litigation was achieved as a result of mediation ordered by the Court. The board wants to thank our counsel, Bill Carey, Judge Bennett and the Mediator for facilitating this settlement without a trial. Importantly, the lawsuit is being resolved without any financial payment by the HLPOA which was the board's key demand for settlement.

The HLPOA board continues to believe that its actions were justified, proper and supported by a strong legal opinion by a major Detroit law firm. The HLPOA board believes that its defenses to this lawsuit were extremely strong and it ultimately would have prevailed. However, even before the lawsuit was filed, the HLPOA board and its counsel attempted to work with Springstead and plaintiff's counsel to settle the legal dispute saying that it was without merit, there was no defamation but simply an honest disagreement supported by competing legal opinions and maintaining that it would under no circumstances pay any monetary compensation. In return for a dismissal, the board would retract the disputed board resolution. Unfortunately, this board proposal was not accepted by Springstead.

The HLPOA board was, and continues to be, concerned about the costs of litigation to HLPOA members in this case which totaled approximately \$16,658. The board also was concerned that the litigation was very time consuming and a major distraction from the important mission of the HLPOA board. For those reasons, the board decided to settle this matter rather than see it through to a conclusion. This settlement occurred before necessary additional discovery, including numerous depositions, intensive trial preparation costs and a lengthy trial. This settlement saved HLPOA members tens of thousands of dollars in unnecessary litigation costs required to prove our case.

Dedicated to preserving the quality and beauty of Higgins Lake

The board took numerous steps to minimize its costs while properly defending the lawsuit. But costs on both sides were continuing to increase. Thus, the board decided a settlement at this time without any monetary compensation was desirable and consistent with the board's original terms for settlement - no monetary payment in return for retracting the disputed board resolution.

HLPOA Board