



900 S.W. Fifth Avenue, Suite 2600
Portland, Oregon 97204
main 503.224.3380
fax 503.220.2480
www.stoel.com

ROBERT A. RABBAT
Direct (503) 294-9522
rarabbat@stoel.com

November 9, 2006

VIA U.S. FIRST-CLASS MAIL

Mr. Joseph A. Tripi
Greenley, Rotenberg, Evans, Bragg & Bodie, P.C.
Suite 1100 Pacwest Center
1211 SW Fifth Avenue
Portland, OR 97204-3737

Re: Hastings Green HOA Remediation Letter

Dear Joe:

Enclosed please find a signed copy of the remediation letter dated November 9, 2006, incorporating your suggested additions to the release language. Please present this to your client for signature and return it to our office. We will then instruct Hastings Green, LLC to begin the remediation project.

Very truly yours,

Robert A. Rabbat

RAR:eku
Enclosure
cc (w/enc.): Patrick Jackson

KENNETH P. CHILDS
Direct (503) 294-9409
kpechilds@stoel.com

RECEIVED

NOV 10 2006

GREINLEY ROTENBERG

Oregon
Washington
California
Utah
Idaho

Portland3-1564598.1 0012469-00001



900 S.W. Fifth Avenue, Suite 2600
Portland, Oregon 97204
main 503.224.3380
fax 503.220.2480
www.stoel.com

November 9, 2006

KENNETH P. CHILDS
Direct (503) 294-9409
kpchilds@stoel.com

BY HAND DELIVERY

Mr. Joseph A. Tripi
Grenley, Rotenberg, Evans, Bragg & Bodie, P.C.
1211 SW Fifth Avenue, Suite 1100
Portland, OR 97204

Re: Association of Unit Owners of Cottages at Hastings Green

Dear Joe:

As you are aware, Patrick Jackson, Jeff Forrell and Greg Mockford inspected the property and went over the Forensic Waterproofing Consultants report that the Association of Unit Owners of Cottages at Hastings Green ("HOA") had commissioned. While the parties are continuing to discuss site drainage issues, we are anxious to bring the building envelope and common-area punch-list issues to a final resolution. Accordingly, consistent with what we understand both sides agree needs to be done, Hastings Green LLC ("Hastings Green") proposes to perform the following work on the following conditions:

Scope of Repair Work

A. Building Envelope Issues:

Below are references to defects found at a sampling of units at the Hastings Green Development. Per the parties meetings and discussions, Contractor will be reviewing each unit and making the corrections and repairs for each unit that exhibits the type of defects depicted on the Pages and Photographs noted below. Contractor's work is subject to review by the HOA and their experts. Contractor shall record the fix made at each unit and provide it to the HOA upon completion. In addition, HOA will provide a check list for Contractor showing Contractor's review of each unit for the types of defects noted in the Forensic Report. The release below is conditioned upon the completion of sufficient repairs at each unit of those defects noted by Forensic and agreed upon by the parties to be performed by Contractor.



Mr. Joseph A. Tripi
November 9, 2006
Page 2

- ✓ C (1) Page 3, photos 2 and 3¹: Add fillet joint at trim board as necessary and perform touch-up painting where flashing is missing in dining room bump-outs. ✓ X
- ✓ C (2) Page 4, photo 3: Apply caulking at exposed nails heads. ✓ X
- ✓ C (3) Photo 4: Add fillet joint at trim board as necessary. ✓ X
- ✓ C (3) Page 5, photo 1: Same scope of work as p. 4, photo 4 – apply fillet sealant joint and touch-up paint. ✓ X
- ✓ C (4) Page 6, photos 1 & 2: Repairs siding and trim boards so that they terminate at least one inch above the roofing system. Replace panel on chimney chase that has been poorly cut and touch-up paint as necessary. ✓ X
- ✓ C (5) Page 6, photo 4: Add fastener at separated siding and touch up paint at fastener. ✓ X
- ✓ C (6) Page 7, photos 1 & 2: Add fasteners to secure siding and touch-up paint on fasteners. ✓ X
- ✓ C (7) Page 7, photo 4: Apply primer and oil base paint at exposed end cuts. ✓ X
- ✓ C (8) Page 8, photo 1: Repair and properly paint. ✓ X
- ✓ C (9) Page 8, photo 2: Replace with new trim board with properly sloped end cut and paint as necessary. ✓ X
- ✓ C (10) Page 8, photo 3: Paint as necessary. (dry vent faceplates) ✓ X
- ✓ C (11) Page 8, photo 4: Contractor to inspect and determine scope of necessary work, if any. ✓ X
- ✓ C (12) Page 9, photo 1: Cut trim up from roof. ✓ X
- ✓ C (13) Page 9, photos 2 & 3: Cover the top edge of the 4 x 10 with a metal cap in all units in which the top edge is not constructed with cedar (i.e., units 1, 5, 6 and 12) ?? ✓ X
- ✓ C (14) Page 10, photos 3 & 4: install building paper, siding sealant and paint as necessary. ✓ X
- ✓ C (15) Page 11, photo 1: add siding to cover building paper and paint. ✓ X
- ✓ C (16) Page 11, photo 2: Add diverter flashing. ✓ X

¹ All references are to the Forensic Waterproofing Consultants report.



Mr. Joseph A. Tripi
 November 9, 2006
 Page 3

- ✓ C (17) Page 11, photo 3: Fill all gaps over 1/8" with sealant. ✓ X
- ✓ C (18) Page 11, photo 4: Add sealant to cover nail head. X
- ✓ C (19) Page 12, photo 1: Add diverter and sealant. As per directions for Page 11. photo 2 X
- ✓ C (20) Page 12, photo 3: Contractor to inspect and apply sealant to all locations in which sealant should have been but was not applied originally. Contractor shall have no responsibility for performing sealant maintenance work, as all maintenance work shall be the responsibility of the HOA. ✓ X
- ✓ C (21) Page 13, photo 1: Seal penetrations. ✓ X
- ✓ C (22) Page 13, photos 2 & 3: Contractor to inspect and contractor shall apply sealant. ✓ X
- ✓ C (23) Page 13, photo 4: Contractor to inspect and contractor shall apply sealant. ✓ X
- ✓ C (24) Page 14, photos 1, 2 & 3: Fill gap with new wood strip and paint. ✓ X
- ✓ C (25) Page 14, photo 4: Install flashing sequenced with building paper, replace siding and paint. ✓ X
- ✓ C (26) Page 15, photos 1-4: Install wood trim with sloped top edge to deflect water above rake board and apply sealant. ✓ X
- ✓ C (27) Page 16, photos 1 & 2: Caulk seams in wood columns as required and touch-up paint. ✓ X
- ✓ C (28) Page 17, photos 3 & 4: Continue installing soldered sill pan under all balcony deck door assemblies. The sill pan shall have a down-turned leg to the close of the exposed area below the door. All trim siding and decking work shall be removed and reinstalled as necessary to perform such work. Touch-up painting as necessary. ?
- ✓ C (29) Page 18, photo 1: Install the required Z flashing at deck railing where it is missing. ✓ X

B. Punch-List and Other Items

- (30) Ventilation: Contractor shall contact Jack Gleason to arrange for inspecting garage and home temperature conditions for the purpose of evaluating whether additional ventilation is necessary.
- (31) Storage Closet Doors: Contractor shall install new storage closet doors, both North and South, and shall finish both sides of each door.



Mr. Joseph A. Tripi
November 9, 2006
Page 4

- (32) Trees: Contractor shall replace the trees for units 7033 and 7039. The HOA agrees to waive any claims for the trees on units 7042 and 7058.

Schedule for Performing Work

Contractor shall perform all of the building envelope, punch-list and other work listed above within 90 days from the date that this letter agreement is signed by both parties, weather permitting.

Work Priority

Work will be performed in the following general order of priority: (i) flashing issues; (ii) sealant issues; and (iii) French Door issues (item #28 above). The French Door issue is being handled directly between Contractor and individual unit owners. Coordination of such work shall be with the individual unit owners. HOA will be provided documentation of the repairs.

Plat Revisions

Hastings Green, LLC made a proposal to the HOA several months ago to correct the garage address issue by amending the Declaration. Before correcting the other plat issues, Hastings Green needs confirmation that all unit-owners have paid their taxes.

The parties shall continue to cooperate in resolving plat issues; however, nothing in this letter agreement shall control the resolution of those issues or the timing of any resolution.

Vent Wells

Nothing in this agreement shall control resolution of any vent well issues.

Site Drainage Issues

Nothing in this agreement shall control resolution of any site drainage issues.

Other Conditions

Proper completion and acceptance of the above work shall automatically result in a release of all claims of any type whatsoever that the HOA may have against (i) Patrick Jackson, (ii) Hastings Green, LLC, (iii) JDA Architects & Planners, Inc., (iv) North Pacific Development, Inc., and (v) Macleay Overlook, LLC, relating to building envelope, roofing and punch-list issues for which the HOA has responsibilities to its association member under Sections 7.1(a) of the Bylaws of the Association of Unit Owners of the Cottages at Hastings Green ("Bylaws") for common-area

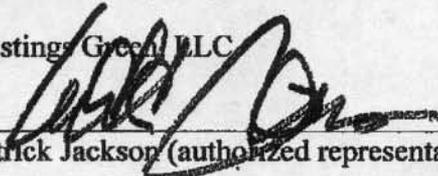


Mr. Joseph A. Tripi
November 9, 2006
Page 5

elements of the Hastings Green Development, other than the following: (i) site drainage issues and issues relating to water in crawl spaces, and therefore maintenance and repair responsibilities outlined in Section 7.1(a) of the Bylaws that are a cause or contributing cause to drainage issues and water in crawl spaces are not part of this release; (ii) garage ventilation issues; (iii) vent well issues; and (iv) claims of individual unit owners.

If the above is acceptable, please so indicate by providing the appropriate signatures on a copy of this letter and then return it to me. Hastings Green, LLC will then proceed with performing the work as quickly as possible.

Hastings Green, LLC


Patrick Jackson (authorized representative)

Dated: Nov, 9, 2006

APPROVED AS TO FORM


Kenneth P. Childs, Attorney for Hastings
Green, LLC

Dated: November 9, 2006

The above scope of work and conditions are acceptable and are agreed to by the Association of Unit Owners of Cottages at Hastings Green.

Byron Palmer, President, Association
of Unit Owners of Cottages at
Hastings Green

Dated: _____, 2006

APPROVED AS TO FORM

Joseph A. Tripi, Attorney for Association
Of Unit Owners of Cottages at
Hastings Green

Dated: _____, 2006