

December 12, 2007

Dear Fellow Homeowner,

In July we wrote to you to inform you that the formula we had been using to determine the monthly assessment to be charged to each homeowner unit was going to revert back to the formula provided for in the CC&R's. You will recall that this action was taken at the recommendation of our attorneys at Berding & Weil who advised us that the adoption of the alternative allocation formula in April 2005 violated Section 8.06 of the CC&R's. In addition, the vote taken to amend the formula dictated by the CC&R's did not meet the required threshold of 100% of the homeowners. Homeowner assessments beginning with the month of September have reflected this reversion to the CC&R formula.

During the past several months, we have invested a substantial amount of time and effort to working with the staff at the KCA to determine the amount that each homeowner was undercharged or overcharged during the period that the alternative formula was being used. This period of time spans the period beginning July 1, 2005 through August 31, 2007. The results of this analysis are summarized in the attached spreadsheet.

The total underpayment/overpayment made by each owner during this period includes both the underpayment/overpayment of Common Assessments and the underpayment/overpayment of expenses relating to propane gas. In order to determine these amounts, it was necessary for us to re-calculate the Common Expenses as they should have been allocated according to the formula found in the CC&R's (column labeled "Adjusted Monthly"). We then compared this amount to the amount actually paid (column labeled "Actual Monthly") to determine the underpayment/overpayment made each month by each owner during the period. These amounts were then annualized and added together to determine the total amount relating to the re-allocation of common expenses that is owed from or due to each homeowner (column labeled "Total Assessment Adjustment"). We then made a similar calculation to determine each homeowner's overpayment/underpayment of propane gas expenses during the period (columns labeled "Propane Adjustment"). The column labeled "Grand Total" is the sum of the required Common Expense adjustment and the propane gas related expense adjustment and represents the total amount overpaid (refund due) or underpaid (amount owed) by each homeowner during the period.

In order to fairly address the overpayments/underpayments made by owners during the period that assessments were improperly allocated, an assessment credit will be provided to each homeowner that was overcharged and an additional charge will be added to the monthly assessment of each homeowner that was undercharged. To ease the financial burden on those homeowners that will be charged to make up for past underpayments and to mitigate negative cash flow consequences for the association, charges and credits will be pro-rated over the next twelve months and 1/12th of the charge or credit will be added or subtracted from each owners monthly assessment beginning with the January billing.

It remains our goal to keep you fully informed of all material issues that we are dealing with as your Board of Directors. Towards that end, we invite each homeowner to a meeting in the homeowner's club on Saturday December 29th at 5:00 p.m. so that we can address any questions that you may have about this matter, to brief you on the positive financial impact that we are beginning to see from the many energy saving investments we have made over the past year and to update you on the status of our defect litigation suit we have initiated against Meadow Stone's developer and contractors. Until then, please feel free to contact any one of us with any questions you may have.

Sincerely,

Meadow Stone Lodge Board of Directors

Robert Carr Greg Wolfson Patrick O'Neil Jim Reilly Dave Weir