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September 26, 2011

Dear Castle Valley River Ranchos Property Owners,

The purpose of this letter is to describe the legal process and documentation necessary to dissolve the Castle Valley River Ranchos Property Owners Association (the "Association") and to appropriately amend the Declaration of Covenants, Conditions and Restrictions (the "Declaration"). Two legal concepts govern this process. A brief description of both will make the mechanics of the process much more understandable.

First, the Association, as defined in its Articles of Incorporation and By-laws (the "Articles") together with Declaration have previously served as the governing body and regulations for Castle Valley. The Articles and Declaration served two functions. First they essentially provided a "shadow government" (i.e. Board of Directors, Architectural Control Committee and the collection and allocation of POA dues, etc.) for Castle Valley. Second, they delineate the ownership and use of the land (e.g. the designation of lots, streets and utility easements, etc. and associated rights). The need for the POA's governmental functions (i.e. regulatory boards, collection POA dues, etc.) has been essentially eliminated by the incorporation of the Town of Castle Valley. But, the need to delineate property ownership, lot and street designations, etc. is still necessary notwithstanding incorporation. Consequently, the proposed First Amendment to the Declaration ("First Amendment") and Restated Declaration of Covenants, Conditions and Restrictions (the "Restated Declaration") (copies enclosed) eliminates the regulatory (i.e. "shadow government") provisions of the Declaration but retains the plat map and similar real estate provisions that affect individual lots that must stay in place notwithstanding incorporation of Castle Valley. Since the Declaration is a recorded document, the First Amendment and Restated Declaration, require the notarized signatures of a majority property owners to be effective. This process can be quite cumbersome requiring the original documents to be circulated to all Property Owners for signature. To avoid this needless expense, assuming you are in agreement with the dissolution, you will subsequently be asked to appoint a Board Member, as your limited power of attorney, to execute the First Amendment and Restated Declaration on your behalf. Of course, you can retain the right to execute these documents personally should you so desire and are available to do so.

Second, under state law the dissolution of a Property Owners Association is a formal, two-step process. First, the Board of Directors after formal notice and a meeting, passes a resolution recommending dissolution of the Association to the property owners. Second, the Property Owners, after formal notice and a meeting, vote whether to accept the Directors'

Resolution of Dissolution. If accepted, Articles of Dissolution are filed with the State of Utah. To streamline this process, state law permits Property Owners to waive all notice requirements and consent to the proposed dissolution, provided it is done so in writing. Accordingly, also enclosed is a "Consent and Approval Amendment of Declaration and Dissolution of the Association" (the "Consent") which accomplishes that task.

As outlined above, the Board of Directors have previously waived notice of a Special Board of Directors meeting and by unanimous written consent approved: i) a Resolution of Dissolution to be submitted to the Property Owners; and, ii) the Restated Declaration to eliminate all governmental provisions but retain lot, street and easement designations, etc.

The Board of Directors now requests that you support this action and sign the enclosed Consent, the First Amendment and Restated Declaration pursuant to the instructions set forth below. By signing these documents, you are:

- A. Waiving your right to formal notice of, and the holding of a Meeting of the Property Owners regarding the dissolution process.
- B. Consenting to the execution and recording of the Restated Declaration thereby eliminating the regulatory provisions but maintaining Plat Map and boundary line provisions.
- C. Consenting to the Dissolution of the Association for the stated reasons and authorizing the filing of the Articles of Dissolution with the State of Utah.
- D. Acknowledging that dissolving the Association and amending the Declaration will eliminate or modify your rights, both contractual or otherwise, under those documents. Consequently, you will look primarily to the ordinances and regulations of the Township of Castle Valley to address such issues.
- E. Designating one of five members of the Board of Directors, namely Jack Campbell, Scott Crueger, Dave Erley, Mike Dege or Darr Hatch to sign the Restated Declaration on your behalf. This designation is optional. Although you are free to choose any of the five Directors, all five if designated will sign the First Amendment and Restated Declaration in favor of amendment. If you do not want the Declaration to be amended, **do not designate any of the five directors.**

If you AGREE that the Association should be dissolved and the Declaration should be amended to retain only the Plat Map and boundary provisions, AND DESIRE TO DESIGNATE A BOARD MEMBER AS YOUR LIMITED POWER OF ATTORNEY, the Board of Directors asks, with respect to the Consent and Approval you, that you:

- i) **Insert your Lot No(s).**
- ii) **Designate which Board Member you wish to represent you**
- iii) **Date and sign the Consent and Approval in the presence of a Notary.**

iv) **Return your Consent and Approval in the enclosed envelope.**

If you AGREE that the Association should be dissolved and the Declaration should be amended to retain only the Plat Map and boundary provisions, BUT DO NOT WANT TO DESIGNATE A BOARD MEMBER AS YOUR LIMITED POWER OF ATTORNEY, then:

- i) **Date and sign the Consent and Approval, the First Amendment and the Restated Declaration in the presence of a Notary. Insert your Lot No(s) where asked.**
- ii) **CHECK THE BLANK ON THE CONSENT AND APPROVAL THAT YOU DO NOT WANT TO DESIGNATE A BOARD MEMBER.**
- iii) **Return the entire Consent and Approval and First Amendment but only the signed signature page of the Restated Declaration in the enclosed envelope.**

If you DO NOT AGREE that the Association should be dissolved and the Declaration should be amended, DO NOT SIGN the Consent and Approval nor the Restated Declaration. Please find enclosed is a Notice of a Special Meeting of the Property Owners at which time you will be able to state your opinion and cast your ballot.

If you so desire, you may seek legal counsel regarding the foregoing.

Thank you for your consideration of this matter. Your prompt response is most appreciated and will minimize the need to impose POA dues for the future operation of the Association.

Very Truly Yours,

Ray M. Beck