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THE HOMESTEAD CLUB INC  
PO BOX 707  
LYNDEN , WA 98264

## **NOTICE OF CLASS ACTION**

**This Notice Affects Your Legal Rights. Please read it carefully.**

This Notice is being sent to you because you are a member of a class of people who own property in the Homestead Planned Residential Development ("PRD") in Lynden, Washington and are being charged a common area maintenance fee by 18 Paradise LLP. A group of your neighbors have filed a lawsuit against 18 Paradise LLP and its management company, MJ Management LLC challenging those fees. The Whatcom County Superior Court has certified the case as a class action, which means that the decision in the case will apply to all people who are in the class. You can read a copy of the **Class Action Certification Order** at the Class Members' Website <https://homestead-hoa.org/legal-update-nov-13-2020/>. The Court has required us to send this notice to all known class members.

### **The Lawsuit and the Claims**

When the Homestead PRD was formed in 1992, the City of Lynden required that the original developer record a Declaration of Covenants, Conditions, Restrictions and Reservations ("CC&R") and create a homeowners' association for the project. Those CC&R set many rules for Homestead, such as a prohibition on boats and recreational vehicles, limits on the design of new homes, and requirements for wood or masonry fences. The CC&R provided for the maintenance of Common Open Space ("COS") and a formula for maintenance fee increases not to exceed cost of living or 5%. The CC&R for Homestead created a homeowners' association called the Homestead Owners Association (the "HOA"), and if you own Homestead property, you already are a member of the HOA. You can read the CC&R at the Website <https://homestead-hoa.org/ccrs/>.

However, the original developer, James Wynstra, deferred transfer of ownership of the COS and control over HOA because he expected the whole development to take 5-15 years, and he did not want interference. The plan was always to turn over the COS and control of the HOA when the project was complete. However, Wynstra's business failed before he could finish it, and he was forced to sell the project before it was complete. That sale included the COS and Declarant's right to collect maintenance fees. The golf course was eventually sold to 18 Paradise in 2013. When 18 Paradise bought the golf course its primary focus was the income stream from the maintenance fees. 18 Paradise is an outside company that had no interest or involvement in the development of the Homestead neighborhood. Aside from owning the golf course, it has no relationship with the community. However, 18 Paradise today has complete control over your CC&R and the right to charge you

outrageous amounts to maintain your COS, which you do not even own. You are paying 18 Paradise to maintain the COS that it owns.

The COS consists of less than 9 acres of land, almost all of which is just grass and trees. There is a small park and a gazebo, but any maintenance is minimal. You can see a map of the COS at the Website <https://homestead-hoa.org/map-of-common-spaces/>. However, under the recent amendments to the CC&R, owners are now paying \$93 per month, which totals \$685,000 per year to maintain 9 acres. You could purchase 9 acres for \$685,000. 18 Paradise is pocketing over \$500,000 a year of your money as profit.

The lawsuit has several purposes. First, we are asking the Court to invalidate the Sixth and Seventh Amendments that increased the fee from \$36 to \$93 and allowed special assessments. If we succeed on those claims, the fee will go back down to \$36, which is still too much but better than \$93. That hearing is currently set for January 22, 2021. If we are successful, you would be entitled to reimbursement of excess maintenance fees paid. You can read our **Motion for Partial Summary Judgement** at the Website <https://homestead-hoa.org/motion-for-partial-summary-judgement/>.

Second, we are trying to get Homestead owners control over the COS and their HOA. If we succeed, you will be able to decide what to do with the COS, what kind of homeowners' association you want, and you will be able to amend your CC&R so they reflect your wishes. The question is not whether to form a homeowners' association. You already have one, but right now 18 Paradise is in charge of it. The question is whether you should be in charge of your own HOA.

Third, the lawsuit provides a forum for us to negotiate with 18 Paradise. A group of community leaders called the Homestead Owners Advisory Group has been valiantly attempting to negotiate in good faith with 18 Paradise for a full year now. At this point, 18 Paradise refuses to even come to the table. The invitation to negotiate remains open to 18 Paradise. However, if we need to proceed to trial, we are asking the Court to find that 18 Paradise has engaged in unfair or deceptive practices with respect to your maintenance fees. If we are successful, the Court may, pursuant to the Unfair Business Practices-Consumer Protection Act, award you treble damages and legal fees.

### **Your Rights and Risks**

The first question that class members often ask is if this will cost them anything or present any risks. Because you are a class member and not a plaintiff, you have no financial obligation to pay anything in connection with the case, and no relief may be awarded against you. There is no chance whatsoever that you will be required to pay any attorney fees or damages. The law simply does not allow an award of any relief against class members. Only good things can happen to you from this lawsuit.

The worst thing that could happen to you from being a class member would be for nothing to change. If we lose the lawsuit, then 18 Paradise would be allowed to continue to charge you the same \$93 it is now, and retain control of the CC&Rs. If you failed to make some payments, you would be required to catch up on them.

You have the right to opt out of this class action if you wish. A form for that purpose is attached on page 4 of this Notice. You must decide whether to opt out by March 31, 2021. If you opt out, you will not be entitled to any share of relief that the Court awards.



### **Request for Support**

Lawsuits are expensive, and that is especially true for class actions. Many of your neighbors have chosen to contribute to the costs of this lawsuit because they want control over their CC&R, maintenance fees, and HOA. A trust fund has been established for contributions. It is maintained and audited by the plaintiff homeowners and an independent attorney to ensure that all funds are properly spent. With over 600 class members, a modest contribution from everyone will go a long way. You can find details at the Class Members Website [www.homestead-hoa.org](http://www.homestead-hoa.org) or contact any of the plaintiff homeowners. Under the terms of the trust fund, if we are awarded attorney fees in the lawsuit, contributions will be returned to the extent possible on a pro rata basis.

### **How to Stay Informed**

As a class member, you are entitled to be kept updated about the progress and status of the lawsuit, but you do not have the right to control it. All settlements and awards must be approved by the Court. The website [www.homestead-hoa.org](http://www.homestead-hoa.org) will have current information. If you have not done so, we encourage you to register at the website for email updates. If you have any questions or comments, you may reach the attorneys for the Class Action through the Website as well.

If you would like to update your contact information, please do so here and return via the pre-paid envelope provided:

Print Name: \_\_\_\_\_

Homestead Property Address:

\_\_\_\_\_

Mailing Address (if different than property address):

\_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

**Opt-Out**

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I wish to Opt-Out and do not want to be part of this Class Action lawsuit.

If you wish to Opt-Out please complete the information below and return via the pre-paid envelope provided:

Print Name: \_\_\_\_\_

Homestead Property Address:

\_\_\_\_\_

Mailing Address (if different than property address):

\_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date