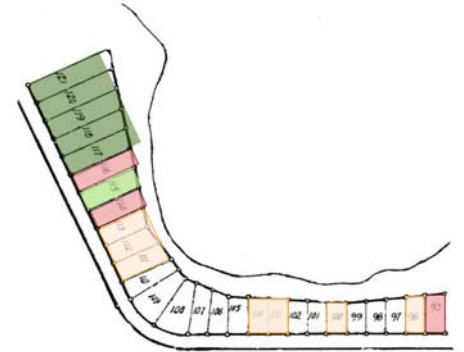


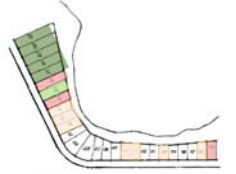
# SPBHA and SHEHA vs. Gold Krause, *et al*

Details of an out-of-court settlement between  
the Homeowners Associations  
and Gold Krause + other defendants



# One Man's Opinion

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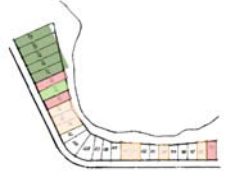
“It is a perfect settlement.  
Nobody got exactly what they wanted.”

- lawsuit attorney

DISCLAIMER: The information in this document is based on the preliminary settlement of 2/19/2009 and is intended as an overview and not a re-statement of the legal agreement. It should not be considered as an accurate definition of the final terms between these parties.

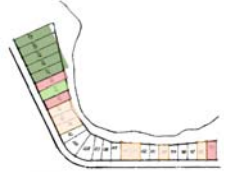
# 2006 - Background Information

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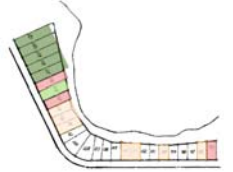
- Gold Krause and its real estate agent list 20 lakefront parcels for sale. Parcels are described as having Association membership and full use of the Park and boat ramp
- Strawberry Point Bluffs and Strawberry Hill Estates join forces in May 2006 to prevent unauthorized use of the Park and trespass across the Park
- Initial complaint lists as defendants Gold Krause and 5 purchasers of lakefront parcels

# 2007 – A Settlement... almost



- After an all-day mediated session (\$\$\$), all parties agree on a potential negotiated settlement
  - SHEHA and SPBHA boards
  - Insurance Company for the Associations
  - Gold Krause
  - 5 lakefront parcel purchasers
- But then... Lawyers discover that the salesman had sold an additional parcel to a non-resident buyer and thus one purchaser was not part of the mediation
- Tentative settlement collapses
- Another defendant is added to the lawsuit
- Back to the drawing board...

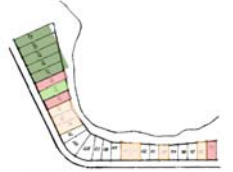
# 2008 – Things Get Complicated



- Judge orders additional defendants added to the lawsuit. The “Lot 116 Indianola people”
- Seven households at south end of Indianola lost Park privileges due to a 1980 court ruling (the Joyce Siegel lawsuit)
- A new judge is assigned to the case
- There are now 8 attorneys negotiating for 15 clients
- A different new judge is assigned to the case

# 2009 – Here Comes Da' Judge

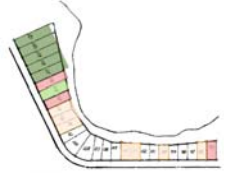
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- New judge sets aggressive timetable for submission of revised briefs, negotiation deadlines, and a firm court date
- New judge expresses her *opinions* in advance of negotiation and the court date
- Everyone realizes that, if the decision is left up to the judge, this will not turn out the way anybody wants
- ***Negotiation begins in earnest***

# One Day Before Court...

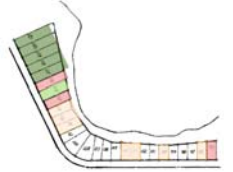
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- February 19, 2009 – A settlement!
  - Agreed to by all parties
  - Read into the court record before the judge
  - Formal written documents effectuating the settlement must be done within 30 days

# The Details – Indianola Defendants

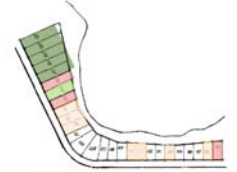
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- Seven Indianola defendants establish an easement across Lot 116 for all down-lake property owners
- Seven Indianola defendants transfer the sole and exclusive use of Lot 116 to the Homeowners Associations (HOAs)
- In exchange, these households obtain full rights and privileges to the Park, the same as enjoyed by all other homes in the subdivision
- These rights and privileges carry *with the land* and are inherited by next homeowner



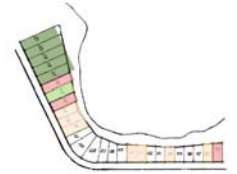
# The Details – Lakefront Purchasers



- The existing lakefront parcel purchasers will have full rights and privileges to the Park, the same as enjoyed by all other homes in the subdivision
- HOAs grant an easement, located next to or near Strawberry Lake, for non-motorized access across the Park and lots 114 and 115 for access to their respective parcels
- In exchange, existing lakefront parcel purchasers pay \$9000 to defer the HOAs' legal expenses
- Existing lakefront parcel purchasers agree to sell their property only to single-family households, and may sell their parcels inside or outside of the neighborhood
- Lakefront parcel purchasers may not become members of the Strawberry Point Bluffs Homeowners Association nor participate in the annual Pontoon Boat Lottery.
- Lakefront parcel purchasers will not pay HOA dues nor be subject to any HOA assessments arising from the ownership of these lots
- These rights and privileges carry *with the land* and are inherited by next parcel owner

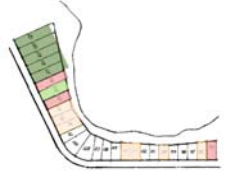
# The Details – Gold Krause

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- Future lakefront parcel purchasers will have full rights and privileges to the Park, the same as those enjoyed by all other homes in the sub
- HOAs grant an easement for non-motorized access across the Park to purchasers' respective lakefront parcels
- In exchange, Gold Krause will transfer the title to two lakefront parcels, lots 114 and 95, to the HOAs
- Gold Krause may only sell parcels to single-family households
- Gold Krause agrees that, of the remaining parcels, it shall sell no more than 4 to parties outside the neighborhood, and the remaining 7 to parties within the two HOAs. Any future sales of those 7 parcels will also be limited within the neighborhood
- Future lakefront parcel purchasers may not become members of the Strawberry Point Bluffs Homeowners Association nor participate in the annual Pontoon Boat Lottery
- Future lakefront purchasers will not pay HOA dues nor be subject to any HOA assessments arising from the ownership of these lots

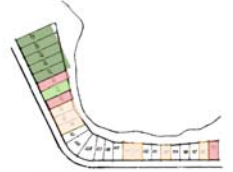
# The Details – Net to the HOAs



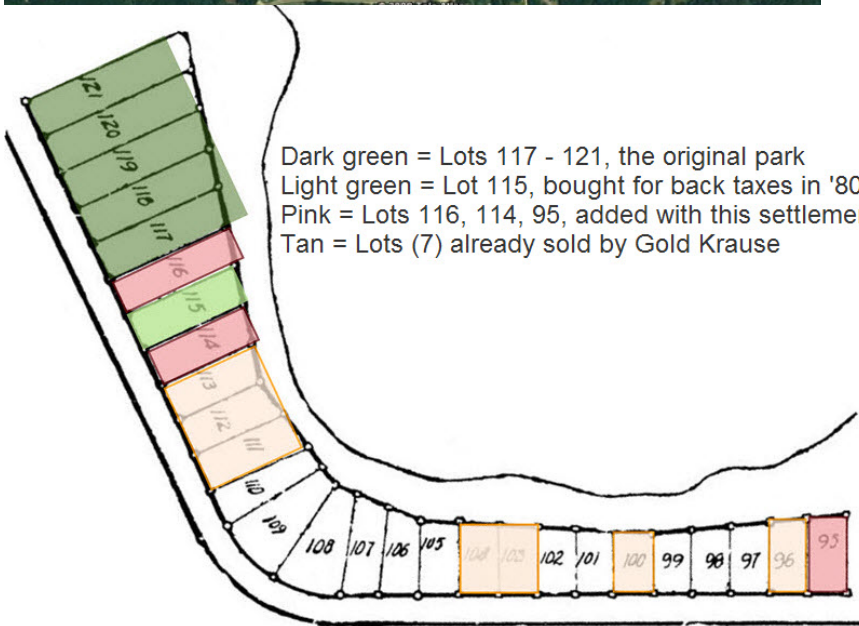
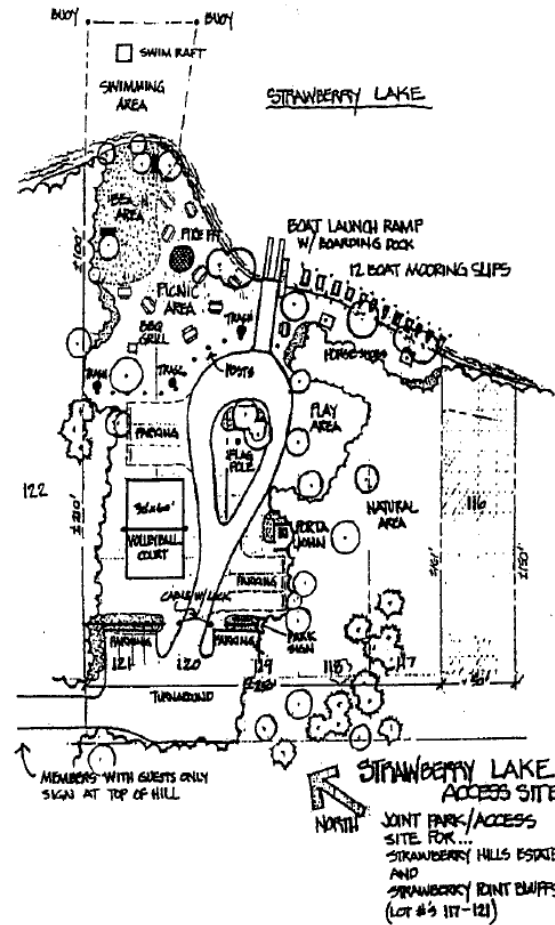
- Seven neighbors on Indianola retain their use of the Park
- The HOAs receive \$9000 toward legal expenses
- The Park grows by 3 additional 50' parcels
- Park usage increases by a *maximum* of 11 non-resident single-family homes (there are only 2 now)
- All lakefront parcel owners agree to grant an easement next to or near Strawberry Lake for access to down-lake parcels
  - This access includes SHEHA and SPBHA residents getting to the HOA's newly-acquired lot 95 at the far end of the lake
- Parcels may only be sold to single-family homes
- No additional names in the Pontoon Slip Lottery
- No lakefront parcel purchasers become members of the Bluffs Homeowners Association



# Q&A



## Strawberry Point Bluffs and Strawberry Hills Estates



Dark green = Lots 117 - 121, the original park  
 Light green = Lot 115, bought for back taxes in '80's  
 Pink = Lots 116, 114, 95, added with this settlement  
 Tan = Lots (7) already sold by Gold Krause