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July 2, 2003

VIA FACSIMILE and U.S. MAIL

Michael G. Kim, Esq.
PETERS & FREEDMAN, L.L.P.
191 Calle Magdalena, Suite 220
Encinitas, California 92024

Re: ***Brook Hills HOA v. Bass***
Our File Number: 268-1001

Dear Mr. Kim:

Because you have threatened to file a default against my clients, we have filed our answer and our cross-complaint. Please find attached courtesy copies for your review. With regard to your client's offer to arbitrate, my clients will consider such offer after the parties have participated in a mediation. As you know, my clients have been offering to mediate this case for several months, and did not receive a response from you until this week.

If we are going to mediate, we need to set up a time to do so with Steve Kruis as soon as possible. Please confirm in writing that your client will participate in this mediation, and I am happy to take the laboring oar in setting it up.

With regard to my clients' landscaping, neither you, Mr. Kuhlken, nor anyone else has responded to my numerous inquires as to what "outstanding violations" exist with regard to the landscaping. The only two items mentioned in Mr. Kuhlken's letter were the sport court and the stucco. As I have indicated numerous times in writing, my clients have painted the stucco. The sport court is obviously an issue we will have to litigate. **If there any other violations, you need to tell us what they are, since we are not mind readers.** If there are no other issues,

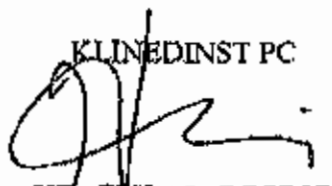
Michael G. Kim, Esq.
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please feel free to schedule a reinspection of my clients' property, to confirm the color of the stucco has been changed.

Finally, please find enclosed yet another letter from a neighbor of the Basses discussing how wonderful their landscaping is. What are we fighting over?

I look forward to hearing from you.

Very truly yours,

KLINEDINST PC

HEATHER L. ROSING

HLR:tfr
Enclosures
cc: Sonni and James Bass (via fax)

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