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*Passed out at
July 24th 2002
Board meeting*

April 29, 2002

CONFIDENTIAL COMMUNICATION-ATTORNEY-CLIENT PRIVILEGE

Board of Directors
Greenbrook Fountain Valley HOA
18222 Santa Joanana Street
Fountain Valley, CA 92708

Dear Board of Directors:

I have been asked to render an opinion with regard to the proposed modification of a block wall for the purpose of installing a 29 foot sliding gate in order to accommodate the storage of a 35 foot long, 14 foot high recreational vehicle, a 26 foot long boat and trailer and a 9 foot high "toy trailer."

I am aware that the Association Architectural Review Committee has rejected the proposed modification and that homeowners in the vicinity of the subject matter real property have voiced strong opposition to same.

First and foremost, it is my opinion that there is a complete absence in the Association Covenants, Conditions and Restrictions (CC&R's) of any specific powers authorizing the Board of Directors to establish an Architectural Review Committee and to establish rules and regulations regarding architectural changes to owners' properties notwithstanding the fact that since the inception of the Association there has been such a Committee and that rules and regulations governing architectural changes have been in place for that period of time as well.

That being the case, it is my further opinion that the only options available to the Board of Directors are to either initiate a lawsuit on the basis that the storage of the recreational vehicle, the boat and trailer and the toy trailer would constitute a "nuisance" of the type the CC&R's refer to or to refrain from getting involved in the situation and instead leaving it up to the neighboring homeowners to initiate their own lawsuit, the latter of which is the position I recommend that the Board takes. Given the relatively few homeowners who will be affected, I cannot recommend that the Board expend thousands of dollars of Association funds to pursue the matter in the legal system and also face the distinct possibility that should the Association not prevail, it will also have to pay the attorney fees of the other side.

Despite my aforesaid recommendation, I do urge the Board to engage in Alternative Dispute Resolution, i.e., non-binding arbitration with Marlene Watson and William Tezak pursuant to their request for same dated April 21, 2002. There is everything to gain and nothing to lose.

Letter to Board of Directors
Greenbrook Fountain Valley HOA
April 29, 2002
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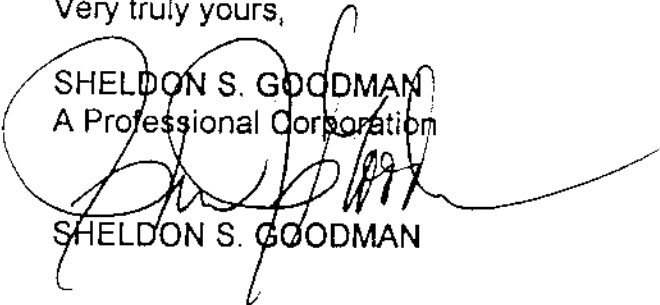
Enclosed is a copy of Ironwood Owners Association IX vs. Solomon, 178 Cal.App.3d 766, 224 Cal. Rptr. 18. It involves an association with CC&R's that do provide for review of plans by an architectural review committee. Nevertheless, the appellate court held that the association must show, before it can judicially enforce the CC&R's against members who are in violation thereof, that it has followed its own standards and procedures in finding a violation, that its procedures are fair and reasonable and that the finding of a violation was made in good faith and was not arbitrary or capricious. In particular, the appellate court points to Laguna Royale Owners Assn. vs. Darger, 119 Cal. App.3d 670, 174 Cal. Rptr. 136 which case holds that "The criteria for testing the reasonableness of an exercise of such a power by an owners' association are (1) whether the reason for withholding approval is rationally related to the protection, preservation or proper operation of the property and the purposes of the Association as set forth in the governing instruments and (2) whether the power was exercised in a fair and non-discriminatory manner."

I sincerely doubt that a court will uphold the decision of your Association's "quasi" Architectural Review Committee with regard to the matter at hand and/or that a court will declare that the storage of the items in question would constitute a nuisance that falls within the purview of the powers that the Board of Directors of the Association has been given under the CC&R's.

If you have any questions regarding the foregoing, please do not hesitate to contact me.

Very truly yours,

SHELDON S. GOODMAN
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