

ELK SPRINGS HOMEOWNERS ASSOCIATION, INC.

February 12, 2008

Special Homeowners Meeting

The meeting was held at the Mason and Morse office in Carbondale, CO. Gary McElwee called the meeting to order at 7:00. In attendance: Elk Springs LLC Representative Gary McElwee, Office Manager Tiffany Singleton, Realtor Yalonda Long, Sober House Director Chris Edrington, Attorney Larry Green, Crystal Village homeowner Renee Maggert, Sober house owner Don Edrington and his wife, Carbondale Sober House manager Kea Hause, Lot owners: Marc Bennett, Rom Gemar, Barb McElwee, Bob Anderson, Scott and Mandy Gauldin, Bill and Ajka Wallace, Brad Chaffee, Tom and Harriet Wenzel, Hans and Gayla Raaflaub, Buzz Quaco, Ken Roberts, Jim and Ruth Barnes, Kip O'Connor, Bob and Margot Jardien, John and Pat Crowley, Frank and Cathy Harrington, Gary and Kathy Morary, Scott and Kristi Cary, Pete Toborek, Dick Durrance, Sue Drinker, Chris McComas, Mic and Jenny Daly, Chris Powell, Brandon Watson, Carl and Becky Ciani, Scott Nykerk and Shane and Bette Ortell.

The purpose of this special meeting is to exchange information regarding the sober house located in Elk Springs Subdivision at 0031 Elk Springs Drive. This is the first house on the left hand side immediately after you enter the subdivision.

The format of the meeting:

Introduction of the people sitting at the front of the room and their roles. Then questions and answers from anyone in the room.

Chris Edrington is the director of St. Paul Sober Living and the brother of the owner of the house on Lot 1, Elk Springs. Yalonda Long is the real estate agent representing the developer of Elk Springs. Tiffany Singleton is the Office Manager and most anyone who calls the office talks to her. Larry Green is the legal representative for the developer of Elk Springs. Renee Maggert is a homeowner in the Crystal Village subdivision in Carbondale, which is the subdivision where the Edrington's bought a house and turned it into a sober house in 2005.

Chris Edrington: He owns the company, which operates 11 total sober houses. Of these, 9 are in Minnesota, 1 in Carbondale and 1 in Elk Springs. The model of their facility is typically 8-10 beds either men or women. The majority of residents are referred to the Sober Living facilities from a halfway house. Typically folks who do not go to a sober living facility after they leave a halfway house do not continue to be sober. There are strict rules around following the guidelines at a sober living facility, which includes attending Alcoholics Anonymous or Narcotics Anonymous. There are also strict rules around taking care of the property and being good neighbors where the sober house is located. Residents of these facilities are highly motivated to stay sober. St. Paul sober living does not house people who do not want to be there. Every resident has gone through a process to be able to live in one of these homes. These residents are people who have tried to stay sober on their own and have had a hard time. Residents are strictly people with alcohol and drug addictions. Owning a sober living facility in a subdivision such as Elk Springs gives the facilities residents a chance to understand and appreciate

what it's like to live in the regular world. They do not want to have these people living in crummy dirty old places. It is required for each resident to sign an agreement. There is not an on site manager who lives in the house, but a manager who checks on the house and its residents every couple of days. These managers have previously been in the program and have stayed sober. Manager of the house in Carbondale and the house in Elk Springs is Kea Hause. Sober community in this area is a strong and vibrant sober community. AA thrives in this area. The people in the houses are very grateful for the new people coming into the meetings. There is a list of expectations for any resident of the sober living house. Rules are as strict as they can possibly be. This Operation is run solely out of St. Paul Minnesota. There are 9 people in the house currently. The people in the house in Elk Springs are very interested in taking care of the property. These residents are good neighbors. St. Paul Sober Living does not receive complaints regarding their tenants. Residents of the houses try to get involved in the community and try to help in any way they can. The average stay for residents is 8 or 9 months. Kea Hause grew up in area and struggled with alcoholism in his whole family. He is now on the management side of these two homes because he has been sober for a while. Kea's experience with clients is that there are not a lot of problems but when someone falls off the wagon, they just leave the houses. They don't want any of their sober house roommates around them and usually they go into Glenwood Springs and rent a hotel room. They are not on the property if they are intoxicated. He has never had an incidence.

Yalonda Long: Before touching on the real estate side of things, she would like everyone to know that she is sitting up front as a representative of the developer along with Gary. Yalonda did not sell or list the property we are meeting about. Many people are concerned about what this does to their property values. As an example, she spoke of the house next door to the sober house in Carbondale. In 2004, the home sold for \$359,900 and this was before the sober house had been established. After the sober house was established, the house later sold for \$650,000 after being on the market for 26 days. There is a house on the market currently in that same subdivision for \$699,000, which is very similar to the sober house. Yalonda drives by Lot 1 every time she enters the subdivision with new clients. She hasn't noticed anything out of the ordinary since the Edringtons purchased the house in November of 07. Yalonda will be showing property on Friday and will not disclose to the clients that there is a sober house on Lot 1 just as she would not disclose race, religion, etc. People should be much more concerned about the current sub prime market, etc. regarding their property values and not the ramifications of this house. Yalonda believes that the property values will continue to surprise us.

Larry Green: Larry has been dealing with Elk Springs and has been a representative for the developer for 12 or 13 years. The Los Amigos Ranch PUD Operative covenants were drafted in 1990. Larry Green represents the limited liability company or Elk Springs LLC and the owner and developer of Elk Springs, Tom Neal. Gary does consult with Larry from time to time on different situations. Larry would like to make it very clear that he is not here to give anybody specific advice as to what they should or should not do in regards to the sober house. He will attempt to give a brief summary of what he

believes is a rapidly evolving part of the law and generally the state of the law. Since the mid 80's there has been a Federal Fair Housing Act and Americans with Disabilities Act. Colorado has a fair housing law modeled after the Federal Fair Housing Act. The provisions are almost identical with federal law.

People recovering from alcohol and drug dependency are considered to be persons with disabilities under the law. People with mental disabilities, Cerebral Palsy, people confined to a wheelchair, etc. are all entitled to the same protections. It is unlawful to discriminate in regards to housing against a person with a disability. It is unlawful to not make a reasonable accommodation to a person with a disability. Enacting zoning regulations, local governments are not allowed to restrict. The issue that's facing the homeowners is whether or not the same discrimination issues are presented when an HOA is trying to enforce a private covenant. A Colorado court has never faced this issue squarely on. He can tell us that throughout the United States, 30 or 35 states have addressed this issue and have said private covenants will not be utilized to restrict a group home from being in its subdivision. He cannot say what a Colorado court would do. A private covenant would be stricken down as unenforceable as far as he is concerned. Cases are decided on a court by court basis.

Renee Maggert: Her home is adjacent to the sober living house in Carbondale. Her and her husband own the house and a vacant lot on the other side of the sober house. When it was found out that this facility was coming into the neighborhood, they were stunned. How could a commercial property be allowed in their subdivision with their covenants? How could 8 people be permitted to live in a single family home? They were completely baffled that this could happen. They live in a single family dwelling in a residential neighborhood. This sober house is a business in this residential community. Renee Maggert hates that she doesn't feel comfortable talking to her neighbors. Renee suggests that we get Chris Edrington's sober living facilities agreements with their tenants in writing, that we get specifics, and that we talk about what needs to be done and what can be done when there is an incident.

Questions (Q), Answers (A) and Statements (S):

Q) It is not clear if the property has been bought.

A) That lot was on the market for quite sometime. The property closed on Nov. 15th. The buyer was Don Edrington. Gary called Don and asked him questions after the office was informed of the post put on the Elk Springs website. Gary asked if he planned on putting in a halfway house? Don Edrington replied by saying that some of the statements on the post were true. Gary asked if Don Edrington did his due diligence and read the covenants? Don Edrington said yes he read everything and they were fine with it. The property had been closed since Nov 15th. We contacted our Webmaster to see if he could tell us who exactly put the post on the website. The only information given from her post was her e-mail address. The office e-mailed her to ask her who she was and what house she lived in Elk Springs. No response was ever given. The house is currently functioning and people are living there. We have had no complaints or problems from anyone regarding the tenants of the house. The trash bins are taken in the same day they are

taken out. Parking so far has been pretty minimal. As far as Gary can tell, no one from that house has driven anywhere in the subdivision beyond the mailboxes.

Q) Is there a house “manager” who lives on site?

A) There is no manager on site. Kea Hause who is the manager of the house in Carbondale, checks on the Elk Springs house approximately 3 days a week.

Q) Who exactly is the owner of the house?

A) There is a formal lease between Don Edrington, the owner of the property and St. Paul Sober Living. Both Don and Chris Edrington are on the deed. When asked if this was a commercial business, Chris Edrington said yes.

Q) How many people in total will occupy the house?

A) There are 9 today living there with a maximum eventual total of 10. Tenants tend to stay approximately 8 months to a year and then go out on their own.

Prior to the St. Paul sober living facility being established, the residence had many tenants, but the office could never get the owner to tell us the truth about that. Gary asked the prior owners if they had more than one family living in the house. The prior owners always came back to Gary saying they only had one family living there. There had always been a large number of vehicles parked in that driveway. The current traffic in the driveway and at that house seems better than before.

S) One resident said he almost doesn't know where to begin and has more of a statement than a question. He believes having a Sober Living Facility in Elk Springs is a huge problem. When he bought into Elk Springs, they bought into a set of strict covenants. This particular homeowner believes the homeowners should hire a serious lawyer to look into this deeply. He feels there are many liabilities at stake. He would vote that the homeowners hire an attorney right away. The Elk Springs homeowners were never given notice and feels like Chris and Don Edrington should have notified the homeowners prior to getting this deal done. He's going to do everything he can do to make sure it get's right.

Q) What would prevent someone from opening an assisted living facility or a different housing business in Elk Springs?

A) If there are federal laws that protect certain residents from living in a home, the HOA cannot fight it. But, if someone wanted to open a business in Elk Springs such as a barbershop having incoming clients throughout the day, there are strict covenants that prohibit that and there are no federal laws that protect these types of clients. The homeowners would really have to ponder if pursuing this legally is really something that they want to do because this questioning homeowner feels it would open Pandora's box.

S) Yalonda read out of the Real Estate Guide “The Fair Housing Amendments Act of 1988 expanded the prohibition against unlawful discrimination to include two additional protected classes: handicap, both mental and physical and familial.” Real Estate agents are not allowed to disclose if there is someone in the subdivision with a “disability”. As

far as this reads, the seller's agent or the buyer's agent for this property was not required to disclose this information.

Q) Why wouldn't Chris or Don disclose the purpose of the home in the very beginning? Although many people commend them for what they are trying to do, the homeowners would like to know why the Edrington's would choose a place where this kind of facility doesn't seem to be permitted.

A) Chris answered saying there are two parts. There is not an area where the houses are or are not permitted. A major part of the model of a sober living home is living in neighborhoods and not being housed in an outside boundary or an old apartment building, etc. The Edrington's seek neighborhoods where there are families. This type of confrontation is not enjoyable for Chris Edrington, but the reality is that there is an enormous amount of discrimination around alcoholics and drug addicts. If he had come into this neighborhood and said he was going to do this, he doesn't feel like he ever would have closed on the property because people would have been so opposed to it, there would have been issues surrounding the house and the closing of the house. People in this area need these facilities desperately. And when he closed on the house, he had people already waiting to get into it. He feels he is doing the best he can. It's sad, but it is true. People need these facilities, but others are discriminative.

Q) One homeowner feels that Chris Edrington is holding a hand of cards. If he knows the Sober house has federal and legal backing, why is Chris playing it the way he is? The homeowners are going to react either way, but this homeowner feels Chris is compounding the problem by sneaking in the home than the threat he really poses.

A) Chris Edrington said this kind of angst and fire is what he feels he would have dealt with if he had been forthcoming in the beginning. They feel the Elk Springs homeowners would have fought them hard enough that they would have had 9 guys with no place to live for at least 90 days.

S) The impression is that Chris has developed a smart business model. If the Elk Springs HOA does not take a stand, this homeowner feels they would be making a very serious mistake. He would recommend legal action.

Gary would like to read an article from the New York Times in response to this statement. "Time after time in Connecticut, people living in so-called sober housing have been told they are in violation of local zoning ordinances, which prohibit more than a few unrelated people from living together in areas zoned for single family housing. However, people in recovery are protected from discrimination under the federal Americans with Disabilities Act and federal fair housing statutes, and are entitled to "reasonable accommodation" of their disability." In the end there was no evidence that operating this sober house would jeopardize the public health, safety, or welfare of the neighbors, or that it would substantially impair or diminish property values in the neighborhood. Expenses and court costs of \$336,000 were billed to the HOA.

Q) What was attractive to be in this subdivision with the strict covenants?

A) The sq. footage of the house, the 6 bedrooms, and the amount of bathrooms, the large living area and kitchen plus it is close to public transportation. The buyer didn't know

about the gate, etc. What he cared about when he was searching for a house were his residents and what works for them.

Q) Do all of these folks who will be living in this facility be coming from halfway houses?

A) Most of these folks come directly from primary treatment like Jaywalker clinic in Carbondale, etc.

Q) Are they driving?

A) Some are driving and some are using public transportation. In order to live in the sober living house, they have to be working or in school.

Q) One future resident fears for the safety of her 15 yr old daughter when they move in to Elk Springs soon. Her daughter will be jogging in the neighborhood and she wants her to be safe.

A) Chris explained they have had no incidences other than related to alcohol. The regulations of the house do not allow for sex offenders.

Q) How much liability insurance does the facility carry?

A) St. Paul Sober Living has an extensive insurance policy.

Each person in the house is accountable to every other person in the house.

S) One resident says he is going to feel less safe for his children with the sober house being part of the subdivision.

Q) What is the success rate with the houses and where do your clients go after they leave the sober houses?

A) Chris Edrington did not know the success rate of his houses in particular, but in a sober living facility publishing, they say that 53% of people stay sober if they do not enter into a sober living facility after treatment. If they do, that percentage goes up to 80%. He encourages everyone to go to the house and meet the residents. If there is EVER an issue, please call Chris Edrington or house manager Kae Hause.

Q) What's to stop more people from buying in our community and putting in a sober house?

A) Chris Edrington has never seen this happen before. He is the only major treatment sober house facility in this area and anyone getting out of a primary treatment center is referred directly to him.

S) One homeowner feels they can pretty much do what they want to do. He feels it was done underhandedly. At the minimum, as an association, we should see where the association stands legally regarding having a commercial business in the subdivision.

S) Don Edrington has two daughters and is very aware of concerns and always has been. He's aware that the HOA should do what they feel they need to do. Beyond that, they are

offering a spirit of cooperation and are offering anything they can do to make this a better situation and make all homeowners feel better about this.

S) This is a commercial business operating in Elk Springs no matter what it is and that goes against the covenants.

S) Larry Green says that a case involving a group home for a disabled person is a totally different animal than if someone wanted to start a different business such as a B&B, etc.

Q) What if they wanted to add on to the house?

A) They would have to follow all guidelines for building and additions.

Q) Has the house had been converted for disabled use? Because the Americans with Disabilities Act is backing them, they should have to do that.

A) Larry Green reiterated that the HOA is dealing more with the Fair Housing laws than the ADA.

S) One homeowner suggested that if the HOA fights this legally, we would be drawing attention and bad publicity to the Elk Springs Subdivision. He felt it might be a good idea to accept it and move on. The press would drag Elk Springs through the mud if they got a hold of this.

S) A resident said that unlike Renee Maggert in Crystal Village, Elk Springs has a more powerful organization because we have more homeowners, but still feels that we would have no chance legally. He suggests we work with them and communicate and see what happens. As a fellow Minnesotan, this resident said shame on them for bringing in the house the way they did, but agrees that we work it out and work with them because what they are doing is an admirable thing.

S) One resident asked the Edrington's if he could help them in any way.

S) Before meeting again, we should check and make sure that home is currently meeting all the design guidelines. There are more bedrooms than originally approved and so they should probably have one more garage.

S) A suggestion was made that the homeowners at least get a preliminary legal explanation by a lawyer who is an expert in this field.

S) Some lot owners are communicating through e-mail. One lot owner had a lawyer who has looked at this and thinks he has a case. He wants to hire this lawyer on his own if he needs too. He wants someone very qualified to take this on.

Q) One owner felt that Tom Neal, the developer, had put a lot of time into this development. How is Tom willing to contribute to this issue? This resident stated that Tom is very intelligent and gathers much information before a decision is made.

A) Tom and Gary have had many discussions about this issue. We consulted with our attorney (who had first hand experience in this area of the law) and we communicated with people in the Carbondale area who have had a similar experience. Tom feels that the Federal law precludes Elk Springs from taking any action, as we would not achieve any change in the ownership, occupancy or use of the residence. Tom also said that we (members of the Elk Springs community) should give thanks that we as individuals were fortunate that we do not suffer from the disease that compels people to have to live in such groups/houses as in lot 1.

S) Several residents are offended by the approach rather than reality.

S) Tiffany reminded the homeowners that there is \$1000 in the budget annually for legal costs and any legal fees will probably result in homeowner's dues being raised or an assessment of some sort.

Q) Could this property be discluded from Elk Springs?

A) That would involve getting the County Commissioners involved and re-doing the PUD and putting a new entrance to their driveway from CR 114. This is not going to happen.

Q) The issue is that Chris Edrington and Don Edrington violated what the homeowners thought were very solid covenants. How can they not respect the Elk Springs covenants?

A) No answer was given to these questions.

Q) Does this sober living facility receive government funding?

A) There is no government funding and the residents pay \$950/month.

S) Larry Green said there is a 1 in 10 or 2 in 10 chance of getting rid of the sober house. The law in the US in 2008 is that homeowners' covenants are trumped by people with any disability. Larry said the homeowners might be able to pursue this in the commercial establishment argument. There was a case in Florida very similar and the people who brought the case forward were fined ½ million dollars for discrimination just for bringing the case. Larry Green did 5 hours of work on this today and in this small amount of time, its very clear whom the law is going to side with.

S) One homeowner wants to fully explore this legally.

S) Chris Edrington should not be underestimated. This guy has a lot of legal backing.

Q) Could we add additional assessments for Commercial use?

A) At this time, the sanitation district has been asked if another tap fee could be charged since there were so many people in the house, but the sanitation lawyer said that would not work. Either way the end result is still the same and the house would still remain.

Q) Are there any requirements for onsite management?

A) No one knows at this time.

Q) Gary asked the homeowners present would like to have a follow up meeting or discuss this again at the April homeowners meeting?

A) It was decided that we would take a few minutes at the April meeting and discuss this issue.

S) One homeowner suggested that the homeowners association should go on a fact-finding mission to find out what the associations rights are concerning the covenants and the sober house. We should contact a lawyer who specializes in this area, have them look at the facts and give us an idea if this can be pursued.

S) Gary told the homeowners that the minutes would be ready for distribution in a very short period of time because the minutes were not being edited and they were going out as they were written at the meeting.

The meeting was adjourned at 9:31 p.m.