



January 22, 2019

Re: *Hat Island Community Association*

Dear Hat Island Owners:

As many of you know, I am one of the attorneys representing the Hat Island Community Association (“HICA”). I want to thank you for your patience as these matters work their way through the litigation process, and provide you with an update on several pending matters:

- The 2014 case filed by Matt Surowiecki, Sr. and several additional plaintiffs against HICA, Chuck Motson, Karen Conner, Alan Dashen and Susan Dahl, has been dismissed. The Court has ordered Plaintiffs Matt Surowiecki, Sr., Alex and Elena Borromeo, and Carol Britten to pay over \$940,000.00 in attorney fees and costs for HICA and Motson’s defense of the case over the last four years. The Association’s insurance company has been paying for the defense of HICA and Motson. Accordingly, any recovery of attorney fees and costs will go to the insurance company or applied to unpaid attorney fees, with a notable and important exception. The Association paid a \$35,000 deductible early on in the case and expects reimbursement of those funds. The Plaintiffs are appealing several issues, so the case is not done.
- HICA filed a foreclosure action in 2015 against Surowiecki Family LP II to foreclose several lots owned by that entity. The case was stayed until recently. HICA can now proceed in its pursuit to foreclose on the lots for unpaid assessments and intends to do so.
- In December 2017, several Division H owners filed suit against HICA. The parties filed cross-motions for summary judgment and both were denied. The Court found that there were questions of fact that are unresolved at this point in the case. Accordingly, the case will proceed with discovery and, if necessary, a trial. The parties are currently trying to schedule a mediation session for late April or early May 2019.
- In October 2018, Surowiecki Family LP II filed a lawsuit against HICA regarding a “Division J Amendment” recorded by Mr. Surowiecki in September 2018 not long after his claims challenging HICA’s assessment structure were dismissed in the 2014 lawsuit. HICA is confident that the “Division J Amendment” has no legal effect on HICA and its assessment structure and will aggressively oppose Mr. Surowiecki’s claims in this lawsuit.

I write specifically to address two issues: 1) the recent communications sent by the “Gedney Island Property Owners Association” and/or Matt Surowiecki, Sr. to many Hat Island Owners; and 2) Matt

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Surowiecki, Sr.'s most recent lawsuit filed in Snohomish County Superior Court Case No. 18-2-09739031, *Surowiecki Family LP II v. Hat Island Community Association*.

The HICA Office has received several questions regarding communications from Mr. Surowiecki and/or from the "Gedney Island Property Owners Association." There are several things that you should know:

- The Gedney Island Property Owners Association is not affiliated with or in any way related to HICA. The Gedney Island Property Owners Association is an entity that, according to information from the Washington Secretary of State, is governed by Matt Surowiecki, Sr. and Alex Borromeo. If you choose to support this group you should know that HICA obtained a judgment against Mr. Surowiecki, Alex and Elena Borromeo and Carol Britten in excess of \$940,000.00. This is in addition to the money Mr. Surowiecki and the Borromeos owe your association for unpaid assessments.
- While the name may be misleading, the Gedney Island Property Owners Association is not a homeowners' association. It has no authority respecting your property rights or obligations as a Hat Island owner.
- The Gedney Island Property Owners Association does not own, administer or manage any property owned by HICA.
- As a Hat Island lot owner, you are a member of HICA pursuant to the recorded covenants. You are not a member of the Gedney Island Property Owners Association by virtue of your ownership.
- You should pay your annual Hat Island assessments through the Hat Island office. Any solicitation from Mr. Surowiecki or the Gedney Island Property Owners Association to the contrary should be ignored.
- Any solicitation of money from the Gedney Island Property Owners Association is not from HICA and the funds are not administered by the HICA's Board of Trustees. The Association has no idea how the Gedney Island Property Owners Association intends to use any funds it may receive.

The Hat Island office has also received questions regarding the most recent lawsuit filed by Matt Surowiecki, Sr. including whether or not HICA will assess Division J owners on a basis different from other HICA members. The answer is no. HICA is confident that the "Division J Amendment" recorded by Mr. Surowiecki is void, unenforceable, and/or does not alter HICA's assessment authority or the obligation of Division J owners. Accordingly, HICA will continue to assess Division J owners on the same basis as other HICA members.

Again, I appreciate your patience as the legal process continues.

Sincerely,



Jeremy L. Stilwell