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Attorneys for Plaintiffs

**IN THE SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**  
**IN AND FOR COUNTY OF WASHOE**

CLARIDGE POINTE HOMEOWNERS  
ASSOCIATION, a Nevada Non-profit  
Corporation, and LINDA TREAT, an individual,  
and SOCRATES DELIANIDES, an individual,  
and DANIEL KELSAY, an individual, on their  
own behalf and on behalf of all others similarly  
situated,

Plaintiffs,

**CASE NO. CV01-05332**

**DEPT. NO. 7**

vs.

DHS CONSTRUCTION COMPANY, a Nevada  
Corporation, EQUITY FINANCIAL RESOURCES  
LLC, a Nevada Limited Liability Company,  
CLARIDGE POINTE HOME SALES, INC., a  
Nevada Corporation, RUSSELL DAVID  
MILLARD, individually, DAVID R. MILLARD,  
individually, ROBERT L. MILLARD,  
individually, and DOES 1 through 10, inclusive,

Defendants.

AND RELATED CROSS-ACTIONS AND  
THIRD-PARTY ACTIONS

**NOTICE OF SETTLEMENT TO PLAINTIFF CLASS PURSUANT TO NRCP 23(e)**

This civil lawsuit to recover damages for construction defect was certified as a class

1 action by order of the Court on August 9, 2002. This notice of settlement to the plaintiff class is  
2 sent pursuant to Nevada Rules of Civil Procedure 23(e).

3 The parties to the above-captioned case have agreed to compromise and settle all disputes  
4 that have been raised in this action by plaintiffs Claridge Pointe Homeowners Association;  
5 Linda Treat, Socrates Delianides, Daniel Kelsay, on their own behalf and on behalf of all others  
6 similarly situated, who are members of the plaintiff class (hereinafter "Plaintiffs" or "Plaintiff  
7 Class"), against defendants, third-party defendants, and non-party defendants DHS Construction  
8 Inc.; Equity Financial Resources LLC; Claridge Pointe Home Sales, Inc.; David R. Millard;  
9 Robert L. Millard; Russell David Millard; Agape Concrete, Inc.; Call Construction; Erik Beyer &  
10 Associates, Inc.; Granite Construction Co.; J. Chisum Concrete Inc.; The Karsten Company;  
11 Kustom Koatings Inc.; Loran Engineering & Inspection Inc.; Mountain, Inc.; Nortech  
12 Geotechnical Civil Consultants, Ltd.; RADCO Inc.; Sierra Surveying Inc.; Tri State Surveying  
13 Ltd.; Welco Construction Inc. (hereinafter collectively referred to as "Settling Defendants" or  
14 "Defendants").  
15  
16  
17

18 The terms of the settlement(s) and distribution plan(s) are as follows:

19 1. The total sum to be paid by settling defendants to plaintiffs is \$2,142,500.00  
20 ("Settlement Proceeds");  
21

22 2. The settlement proceeds are from the following parties or their insurers:

23 DHS Construction Inc., Equity Financial Resources LLC, and	
24 Claridge Pointe Home Sales, Inc. ....	\$1,650,000
25 David R. Millard .....	\$ 60,000
26 Robert L. Millard .....	\$ 93,750
27 Russell D. Millard .....	\$ 93,750
28 Agape Concrete, Inc. ....	\$ 30,000
Call Construction .....	\$ 25,000
Erik Beyer & Associates, Inc. ....	\$ 35,000

1	Granite Construction Co. ....	\$ 2,000
2	J. Chisum Concrete Inc. ....	\$ 9,000
3	The Karsten Company ....	\$ 30,000
4	Kustom Koatings Inc. ....	\$ 15,000
5	Loran Engineering & Inspection Inc. ....	\$ 7,500
6	Mountain, Inc. ....	\$ 7,500
7	Nortech Geotechnical Civil Consultants, Ltd. ....	\$ 40,000
8	RADCO Inc. ....	\$ 10,000
9	Sierra Surveying Inc. ....	\$ 4,000
10	Tri State Surveying Ltd. ....	\$ 5,000
11	Welco Construction Inc. ....	\$ 25,000

3. The "Net Settlement Proceeds" consist of the Settlement Proceeds less attorney's fees;

4. The Settlement Proceeds are to be held in one or more segregated trust accounts administered by plaintiffs' counsel and/or by a trustee approved by the Court pending the Court's approval of a class settlement, pursuant to Nevada Rules of Civil Procedure, Rule 23 (e);

5. The plaintiffs will dismiss with prejudice all claims that were raised in plaintiffs' class action complaint for construction defects at the Claridge Pointe subdivision as alleged against settling defendants by execution of release agreements releasing all claims against settling defendants;

6. In addition to the \$2,142,500.00 in settlement proceeds to be paid by settling defendants to plaintiffs, defendants have agreed to pay \$7,500.00 worth of mediator's fees originally billed to plaintiffs, thus reducing plaintiffs anticipated costs from \$188,000.00 to \$180,500.00 as referenced in paragraph 10 below, bringing the total value of the settlement to \$2,150,000.00;

7. Attorney's fees to be paid to plaintiffs' counsel pursuant to agreement are 35 % of the settlement proceeds equaling \$752,500.00, less an agreed credit against fees of \$82,750.00, for a total Attorney's fees of \$669,750.00;

1 8. The balance of the proceeds of \$1,255,250.00 will be disbursed to the plaintiff class  
2 by payment to a trust account in the name of the Claridge Pointe Homeowners Association  
3 (CPHOA) as soon as reasonably practical. Said funds shall be held in secure interest bearing  
4 accounts for the benefit of the plaintiff class. The primary use for the Net Settlement Proceeds is  
5 to repair the construction defects alleged in this litigation and will be distributed to one or more  
6 contractors after submission of bids for the repair work;

8 9. The sum of \$37,000.00 will be held for disbursement out of the settlement proceeds  
9 for the purpose of reimbursement for homeowner repairs already submitted to counsel following  
10 review by a committee of Claridge Pointe Homeowners.

12 10. The following represents a summary of the distribution of settlement funds:

13 **SUMMARY**

Settlement Proceeds	\$ 2,142,500.00
Less attorneys fees	- \$ 669,750.00
Net settlement proceeds	<u>\$ 1,472,750.00</u>
Less litigation costs and expert fees	- \$ 180,500.00
(Includes allowance for bills not yet received and)	
Estimated reimbursement of homeowner repair costs	- \$ 37,000.00
Balance to be distributed to CPHOA for Repair	<u>\$ 1,255,250.00</u>

19 11. The Plaintiff class representatives and CPHOA Board have recommended any  
20 monies left over after completed repairs be divided equally on a per home basis among the  
21 individual members of the Plaintiff Class;

23 12. Homeowners who have already submitted reasonable and verifiable repair bills for  
24 previously corrected construction defects or resultant property damage may be reimbursed for  
25 such expenses. A schedule listing said amounts is available for review at the offices of plaintiffs'  
26 counsel, and will be evaluated by a committee of Claridge Pointe homeowners for

1 recommendations of disbursement. The criteria for reimbursement include a direct relation to the  
2 defects alleged by plaintiffs' experts, reimbursement may be limited to the bid for the scope of  
3 repair, and homeowners will not receive repair monies for reimbursed repairs;

4  
5 13. The Court will reserve jurisdiction to resolve any disputes or differences that may  
6 arise regarding administration of funds being held by the plaintiff class;

7  
8 14. As a member of the Settlement Class you have a right to be heard by the Court as to  
9 any objections you may have with the settlement or any of its terms as set forth above. You may  
10 present written objections to the Court by hand delivery or by mail to the Office of the Honorable  
11 Peter I. Breen, District Judge, Second Judicial District Court, 75 Court Street, Dept. 7, Reno,  
12 Nevada 89520. Any written objections must be received by the Court no later than May 16,  
13 2003. You may also appear in person at the hearing scheduled for determination of the  
14 appropriateness of the class settlement. Said hearing will take place on Tuesday, May 20, 2003,  
15 11:00 a.m., before the Honorable Peter I. Breen, District Judge, Second Judicial District Court,  
16 75 Court Street, Dept. 7, Reno, Nevada 89520. Once the Court approves the class settlement  
17 either in the form identified above or in some modified form, the terms of the class settlement  
18 will be binding upon all members of the Plaintiff Class and the Claridge Pointe Homeowners'  
19 Association.  
20

21 Dated this \_\_\_\_ day of May, 2003.

ROBERT C. MADDOX & ASSOCIATES

22  
23 By \_\_\_\_\_  
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