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February 17, 2006

VIA CERTIFIED MAIL NO. 7002 2030 0004 2679 8415
RETURN RECEIPT REQUESTED AND U. S. MAIL

High Gables Homeowners Association, Inc.
c/o P. Jay Pontrelli, Esq.
303 Peachtree Street, N.E.
2800 SunTrust Plaza
Atlanta, Georgia 30308

Re: High Gables Homeowners Association, Inc. v. Larry C. Oldham, Civil Action File No. 05-CV-2005, Superior Court of Forsyth County, Georgia (the "Action"); Notice of Potential Claim for Abusive Litigation

Dear Jay:

I am sending this same letter to the High Gables Homeowners' Association, Inc. and to each of its officers and/or directors both individually and in their official capacities. I had hoped to avoid this unpleasantry, but for reasons I will explain in more detail hereinbelow, I do not have the luxury of time any more and I am required to give you this notice to preserve any potential claims I may have that pertain to the issues in the Action.

As you are aware, I am the Defendant in the above-referenced Action. As you also should be aware, I filed a Verified Answer, Counterclaim and Third Party Complaint in the Action wherein I indicated the justifications for my conduct to date (a number of which were reiterations of what I had communicated verbally to authorized representatives of the HOA Board), and I have also made you aware of a web page designated <High Gables> which can be accessed through my law firm's website at *www.lcopc.com* and includes a significant amount of information and commentary. The capitalized terms used herein shall have the meaning given to them in my Answer unless otherwise defined.

Moreover, you are or should be aware of all of the following facts and circumstances that are directly relevant to the issues in the Action:

1. My family and I are residents of your neighborhood with a substantial investment (in both time and money) in our home.

2. You participated in the authorization of the filing of a lawsuit against me (i) to collect certain fines you contend I owe because I did not do certain work on my Lot in a time-frame acceptable to you; (ii) to require me to pour my concrete driveway; (iii) to require me to concrete the sidewalk in front of my home; (iv) to require me to install a mailbox; and (v) to require me to finish installing landscaping around the entrance to my driveway, most of which was installed by mid-August.

3. I have (i) poured my driveway; (ii) I have poured my sidewalk; (iii) I have indicated I am done with the landscaping I intend to do to satisfy the requirements under the Planning and Design Specifications (although I will be doing some additional appropriate landscaping this spring); and (iv) I have indicated that I am willing to install my mailbox in accordance with your requirements within two weekends of you providing me with same, or, if part of a settlement of this matter on the terms I have previously proposed to you, by using the company you require the neighborhood residents to use.

4. You have rejected my request for mailbox specifications and have not given me any required changes to the landscaping that I have installed. While it is obvious that the catfish mailbox currently installed as a testament to the silliness of this matter will need to be replaced with something appropriate, there is no reason the current landscaping should not be acceptable. On information and belief, it does not appear that you required the other homeowner who built about the same time I did, Frank Orlando, to provide you with written landscaping plans in connection with his construction of his home, although you have demanded same from me. I understand from Mr. Orlando that Bobby Lawson met with him on his Lot and made some suggestions about how he should handle the landscaping, indicating that because his house was far from the street, the ACC was less concerned about what he did further into his property and wanted to make sure everything looked okay at the street. With respect to the visible look of his home from the street adjoining his driveway, it appears to me that Mr. Orlando, who is apparently in compliance with your requirements, and I are similarly situated. This again raises the issue of why you insist on continuing with this course of action in my case and have elected not to do so when it comes to others in the neighborhood.

5. You elected to incur the apparently substantial costs of suing me despite the fact that you were already purporting to fine me the sum of $25.00 per day which, if legally enforceable under these circumstances, amounted to approximately $1,000.00 as of the day you filed suit against me and amounted to $2,550.00 through the latest date I contend my obligations were completed. The Board apparently believes that these fines are continuing to accrue, even though Judge Bishop or the jury will likely find otherwise. You agreed to waive these fines

(rather than insisting on them) if I would pay your attorneys fees, despite the fact that while you have a right to attempt to assess the fines against me pursuant to the neighborhood covenants, you do not have a similar right to assess attorney's fees pursuant to those same covenants.

6. Accordingly, the only legal basis for the HOA's claims against me for attorney's fees is that I am liable to it as a result of (i) having acted in bad faith, (ii) having been stubbornly litigious, or (iii) having caused it unnecessary trouble and expense. See O.C.G.A. § 13-6-11. Based upon your December 30, 2005 settlement proposal to me, I must conclude that a large part of the reason you are pursuing this Action against me at this point is because you want me to pay your attorney's fees and believe you will be able to collect them from me. If you and your counsel apply O.C.G.A. § 13-6-11 and the law decided thereunder to the facts of this matter as set forth in my Verified Answer, Counterclaim and Third Party Claim, however, it is clear that you do not have any right to pursue a claim for attorney's fees against me.

7. You determined that the $25.00 per day fine plus accrued interest was not enough incentive to make me do what you contended I was unwilling to do, even though I had communicated my willingness and desire to do everything you were requesting in conversations with your authorized representatives in June, August and September. I also explained the reasons for the delay in those conversations and told you in August and September that I was waiting for my concrete contractor, Michael Hill, to do the work. Mr. Hill was finally able to get to the job in early November, and he completed it expeditiously once he was there. If you bothered to talk to Ralph Ridgell about this, you would know that he and I both had followed-up with Mr. Hill on numerous occasions regarding when he would be able to do my work and pour a slab for Mr. Ridgell. Since Mr. Hill is a family friend and had done me several favors, I opted not to pressure him, even though you were attempting to pressure me. If I am wrong for having handled this matter in this fashion, Judge Bishop or a jury is going to have to make that determination.

8. You never bothered to discuss this matter with me as a group prior to filing suit against me, although I spoke to Bobby Lawson, David Marchat and Bob Clark between June and mid-September and Linda Ebert did meet with my wife a week or so before I was served by the sheriff to warn her that you were going to take some drastic action if we did not do something right away. I certainly did not understand Mr. Clark's statement to me in mid-September that I "would be hearing from the HOA's attorney" to mean that I was going to be sued before I even talked to the HOA's counsel, although I admit I was not surprised when Deputy Hodge came to my office to serve papers yet again and told me that this time, it was for me.

9. You have refused my offers to resolve this matter because you want me to pay the $7,000.00 in attorney's fees you say you allegedly incurred through December 30, 2005 and to quit criticizing your handling of this matter in the public forum I have created using my web page. I am sure that your attorney's fees have increased by several thousand dollars at this point and expect that any other settlement offer by you would include my payment of those fees.

10. Despite my offers to you and your counsel by letters dated December 13, 2005 and January 9, 2006, a conversation with Mark Joiner on January 15, 2006, a conversation with Jay Pontrelli on January 19, 2006, and my latest request to both of your counsel in our conference call with Judge Bishop on January 31, 2006, you have not seen fit to arrange to meet with me to discuss this matter. Your refusal to meet with me to discuss this matter is further evidence of your malice and bad faith in bringing this Action against me.

11. With your approval, your counsel filed a Motion for Mandatory Injunction on January 10, 2006 seeking the same relief requested in the Complaint and essentially asking the Court to grant relief on an emergency basis. As I expected, Judge Bishop rejected that request, and your counsel knew or should have known that my temporary catfish mailbox and whatever landscaping transgressions you contend still exist were not the type of emergencies that are required for such a request to be granted. I requested documents from your counsel on January 19, 2006 which you were to deliver in five business days, and I received nothing from you until February 14, 2006. What I received did not comply with your obligations pursuant to my demand, and I received a promise that "...additional documents are being assembled." Since Judge Bishop has shortened the usual discovery time-frame afforded to litigants, I will no longer be able to conserve costs and am going to have to accelerate my efforts to zealously defend myself.

12. While your positions as officers and directors of the HOA Board may give you the apparent authority to act on behalf of the HOA which may allow you to enter into arrangements with third parties that bind the HOA, it is my position that your actions are ultra vires as a result of a failure to meet certain requirements of the HOA's articles of incorporation and bylaws provided to me by your counsel and which I now have had the opportunity to review. Any actions that you are attempting to take against me on behalf of the HOA are a legal nullity as you have no authority as a duly elected Board, and same will become readily apparent as this litigation proceeds.

You should be aware that pursuant to O.C.G.A. § 14-3-830, a "...director shall discharge his or her duties as a director, including his or her duties as a member of a committee: (A) in a manner the director believes in good faith to be in the best interests of the corporation; and (B)

with the care an ordinarily prudent person in a like position would exercise under similar circumstances...." It is my position that the HOA Board's pursuing this Action under circumstances that you have had the opportunity to fully understand at this point is a breach of the foregoing duty and constitutes a pursuit by you, both in your capacity as a director or officer of the HOA Board and individually, of claims that are made with "malice" and "without substantial justification" as those terms are defined in the abusive litigation statute. Your participation in the continuation of this Action based upon the existing facts and circumstances makes your claims frivolous, groundless in law, and vexatious.

Your Board's collective handling of this matter and your individual participation in same has been a disgrace, both from a "good neighbor" approach and as a fiduciary representing the best interests of the neighborhood as a whole. It appears to me that either you on your own, your fellow Board members, your counsel, or other advisors with whom you have consulted have convinced you that you do not have to act reasonably when carrying out your duties as director and/or officer of the HOA Board. If you have believed, in error, that I have been posturing to try to achieve some sort of result that I do not believe I am otherwise entitled to, you are sadly mistaken. I believe that you as a group have decided that you are going to "teach me a lesson", and that very attitude is my basis for asserting that you have acted with malice. I also intend to rely on your conscious and wilful disregard for your responsibilities to the members of the HOA in carrying out your duties as the basis for your liability under the abusive litigation statute.

To save hard feelings and to avoid the kind of unnecessary escalation of this matter that leads to wasted time and costs and causes parties to act unreasonably towards each other, I have not been as aggressive to date as I have been entitled to be under the law and I have elected not to put you on notice of my potential claims against you until now. I have wanted to avoid any incorrect assumption by you that I would threaten the Board members personally with litigation in a effort to gain an advantage. With Judge Bishop's requirement that we complete discovery by the end of March, however, we are now at a point in this process where I no longer have the luxury of handling this as a "nice guy" who hoped you would be able to see the light for yourself before it is too late.

The purpose of this letter is to notify you pursuant to O.C.G.A. § 51-7-84(a) that I intend to assert a claim of abusive litigation against the HOA and you, individually, after the final termination of the proceedings in the Action should I receive a favorable verdict. See, O.C.G.A. § 51-7-80, et. seq. Obviously, we are early on in the fact-finding process, and if I discover facts and circumstances that would make it unreasonable for me to pursue a claim against you, I will not do so. The abusive litigation statute requires certain notices to be given as a condition precedent to making a claim, however, and I am simply covering all my bases.

Since many of the issues in this litigation have been mooted by my completion of the work at my home (or my agreement to do so if you meet your obligations as a Board), I am going to specify those claims I expect you to drop and why I think you are legally required to do so in order to avoid potential liability to me. If you fail to drop those claims and I prevail upon them before Judge Bishop and/or a jury, then I will assert my abusive litigation claim against you on that basis.

While I reiterate my request that we resolve this matter on the terms and conditions of my January 9, 2006 letter to your counsel which he summarily rejected by letter dated January 10, 2006, I demand that the HOA voluntarily dismiss the following claims:

1. All of its claims for injunctive relief. As you know, I have installed my driveway and sidewalk and have also installed suitable landscaping that complies with the Planning and Design Specifications. I have indicated my intention to do additional landscaping in the spring. Moreover, it is your and Heritage Management's arrogance and mishandling of the mailbox situation, coupled with my disdain for your overreaching, which has led to the installation of my present mailbox. Once Judge Bishop has answered the question of whether I am required to use your vendor or am entitled to be provided with specifications for the "neighborhood standard", I will install a conforming mailbox. As your counsel well knows, injunctive relief is only available to a party if it can show irreparable harm and that it has no adequate remedy at law, and under these circumstances, Judge Bishop will never have to reach the issue of whether he should issue a mandatory injunction. I am not unwilling to comply with the mailbox requirement; we simply disagree over what I have to do to get there. If Judge Bishop fails to grant you the requested mandatory injunction, it is my position that most of the expenses that I have incurred in this matter are recoverable by me under the abusive litigation statute.

2. Its claims to recover expenses of litigation and attorney's fees pursuant to O.C.G.A. § 13-6-11. I defy you or your counsel to come up with one case decided by the Georgia Supreme Court or Court of Appeals that authorizes the collection of attorney's fees and expenses from me pursuant to O.C.G.A. § 13-6-11 under facts that are remotely similar to the ones presented here. It is my belief that no good faith argument can be made by you or your counsel for the imposition of fees under said statute, and I will seek a recovery of my own attorney's fees expended in defending against such claims pursuant to O.C.G.A. § 9-15-14 and the abusive litigation statute. Just so we are clear, it is my position that in the absence of your belief that you will able to recover attorney's fees and expenses from me, this litigation would already be resolved and none of us would be incurring any additional trouble or expense in dealing with it. Accordingly, any expenses that I have incurred since early January of this year are a direct result of you and your counsel's failure to recognize this fact, and as such, if I prevail

on the attorney's fees issue, same will be a separate ground for my seeking recovery under the abusive litigation statute.

While I believe that it will ultimately be determined that the HOA Board's actions in attempting to assess a $25.00 per day fine against me under the circumstances presented were both arbitrary and capricious under the facts and circumstances of the Action, I do acknowledge that the HOA at least can make an argument that same are due from me. Nevertheless, the HOA's filing of a lawsuit against me was completely unnecessary unless we were unable to resolve the matter of what fines, if any, were due from me to our mutual satisfaction after I finished my work. While I may have no abusive litigation grounds for objecting to the HOA's pursuit of the claim for monetary damages against me, however, I am looking into ways to pursue the Board and its members on other grounds.

The HOA has the lesser of thirty days or up to the time of an order by the Court relative to the potential claims I am raising within which to voluntarily dismiss its claims against me in the Action regarding (i) injunctive relief; and (ii) attorney's fees and expenses of litigation. Please note that voluntary dismissal either within thirty (30) days after the mailing of this notice or prior to a ruling by the court relative to the claims I am making is a complete defense to an abusive litigation claim.

My only regret is that I have no legal right to pursue my claims against you under the abusive litigation statute if you choose to dismiss the foregoing claims within the specified time period. Your participation in this farce has cost me a substantial amount of time and money and has depleted reserves that our HOA could be holding and/or using for something that actually benefits its members. Rest assured that if this foregoing time period passes without the dismissal I am demanding, the conditions precedent to your potential liability to me will be satisfied and there will be no turning back.

I am sending this to you as notice of my intention to assert a claim of abusive litigation against the HOA and the HOA Board members both in their capacities members of the HOA Board and individually, and all of you should govern your conduct accordingly.

Very truly yours,

Larry C. Oldham

LCO/bms

cc: Peter R. York, Esq.

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