



SUNRIVER OWNERS ASSOCIATION

MAINTAINING SUNRIVER AS A PREMIER RESIDENTIAL AND RESORT COMMUNITY PROTECTING
AND ENHANCING ITS QUALITY OF LIFE, NATURAL ENVIRONMENT AND PROPERTY VALUES.

May 23, 2007

John Goodman, Managing Director
SilverStar Destinations, LLC
20022 Tumalo Road
Bend, OR 97701

Dear John

Dana Bratton of the Bratton Appraisal Group has completed a review of the PGP Valuation, Inc. Summary Appraisal Report. The PGP Valuation Report and the Bratton review have been carefully analyzed by the negotiating team and discussed in detail with the SROA Board of Directors.

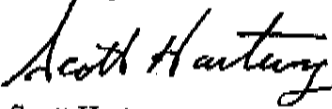
We agree with the Bratton review conclusion that the market value estimation presented in the PGP Valuation Report is not credible. We also agree with the bases of this conclusion:

- Sales of properties located adjacent to the Sunriver Country Mall and acquired by SilverStar Destinations, some of which are contiguous to the subject properties, should have been considered prior to analyzing commercial land in Bend and Redmond.
- The comparable land sales set forth in the valuation summary are located in neighborhoods with different economic profiles than commercially zoned land located in the immediate vicinity of the subject properties that was over looked.
- The valuation summary ascribes different values to land deemed developable, but no analysis was conducted to determine the development potential of all subject properties using a systematic engineering or design review process to apply current development standards to SROA parcels.
- The basis for the conclusion that the subject properties provide limited utility that supports a plottage discount near the upper end of the range of values derived from comparable sales is not well developed in the valuation summary and a large amount of appraisal judgment seems to have been used to arrive at this conclusion.
- The comparable land sales set forth in the valuation summary for the purpose of determining an appropriate discount for plottage parcels are located some distance from the subject properties and raises the question of whether sufficient market analysis was conducted within the Central Oregon region before expanding the market search to the Willamette Valley area.

After extensive consideration of the PGP Valuation Summary Appraisal Report, the SROA Board of Directors has concluded that it is unable to approve the market value estimation presented in this report as the basis of a land sales agreement that the Board can present to the owners for a vote. We have instructed staff to hire an appraisal firm to conduct an independent appraisal of the SROA parcels.

We believe such an appraisal is necessary to determine appropriate compensation to be received by SROA for the sale of its property given our conclusion that the PGP Valuations appraisal is an inadequate basis for such a determination. We also believe such an appraisal will allow our owners to conclude that the SROA Board has pursued a proper course in determining the value of SROA property and that such a conclusion is a requirement for voter support of a land sales agreement.

Sincerely

A handwritten signature in cursive script that reads "Scott Hartung".

Scott Hartung
President