

ESLER, STEPHENS & BUCKLEY

**MICHAEL J. ESLER
JOHN W. STEPHENS
KIM T. BUCKLEY***

*ADMITTED IN OREGON AND WASHINGTON

**ATTORNEYS AT LAW
700 PIONEER TOWER
888 SW FIFTH AVENUE
PORTLAND, OREGON 97204-2021**

**FACSIMILE (503) 294-3995
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**GARY N. HARDIMAN
SENIOR LEGAL ASSISTANT**

October 27, 2009

PREVAILING PARTY FEE DISCLOSURE

To the Members of the Association of Sunwest Investors

Re: Litigation arising from investments in projects originated by Sunwest Management, Inc. and Related Entities

Dear Ladies and Gentlemen:

As we recently discussed, Oregon law allows judges to award costs to the prevailing party. This award is generally referred to as a prevailing party fee. The fee ranges from \$50 to \$500, depending on the type of case. In addition to these mandatory prevailing party fees, the prevailing party may request an enhanced prevailing party fee of up to \$5,000 in the Circuit Court. The court must consider certain factors in determining whether or not to allow an enhanced prevailing party fee. Some of the factors the court will review are:

1. The conduct of the parties in the transactions or occurrences that gave rise to the litigation, including any conduct of a party that was reckless, willful, malicious, in bad faith, or illegal;
2. The reasonableness of the claims and defenses asserted by the parties;
3. The objective reasonableness of the parties and the diligence of the parties during the proceedings;
4. The objective reasonableness of the parties and the diligence of the parties in pursuing settlement of the dispute;
5. The extent to which an award of attorney fees would deter others from asserting meritless claims and defenses; and
6. The extent to which an award of attorney fees could deter others from asserting good faith claims or defenses in similar cases.

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CLIENT PROFILE

1. Name (including any assumed names, aliases, nicknames, or other names used by you:

2. Home address:

3. Employer/Business name/address:

4. To which address do you want statements/correspondence sent?

Home _____ Work _____

5. Contact Numbers:

Telephone (Home) _____
 Telephone (Work) _____
 Facsimile (Home) _____
 Facsimile (Work) _____
 Cellular _____
 E-Mail _____

6. List each Sunwest Investment:

Date of Investment	Name of Your LLC	Name of Property	Amount of Investment	Amount of Debt, if any

ESLER, STEPHENS & BUCKLEY

**AN IMPORTANT NOTICE CONCERNING CLIENT PRIVACY
FROM ESLER STEPHENS & BUCKLEY**

Attorneys who provide legal services involving financial matters of clients are now required by federal law to inform their clients of the law firm's policies regarding the privacy of client information ("Confidential Information"). The purpose of this Privacy Notice is to explain what we will be doing with the financial information that you provide to us, and the ways in which we will protect your privacy.

The trust and confidence of our clients is of utmost importance to us at Esler Stephens & Buckley ("ES&B"). For this reason, ES&B is careful in the way we handle nonpublic and confidential personal information about our clients

Information We Collect

We may collect Confidential Information from the following sources:

- Credit applications;
- You, in response to disclosure requests in representing you in transactions, dispute resolution, or litigation;
- Credit reporting agencies; and
- Persons involved in transactions, dispute resolution, or litigation with you, or their representatives.

Information We Disclose

We do not disclose any information about our present or former clients to anyone except as permitted by law, as required by law, or court order, or in connection with a proceeding under the auspices of the Oregon State Bar. For example, we may disclose Confidential Information in order to proceed with a transaction, or as required by court rules, dispute resolution rules and litigation requirements, or to protect or defend your interests while representing you.

Information We Do Not Disclose

We do not share Confidential Information with anyone for their use in telemarketing, direct mail marketing, or email marketing. Therefore, you do not need to take any action to prevent such disclosure. We do not disclose client confidences, except in compliance with the laws and rules of legal ethics.

This Privacy Notice applies to financial services and products provided by ES&B that are used primarily for personal, family, or household purposes. If you have any questions, please call us at (503) 223-1510 or fax us at (503) 294-3995.

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October 27, 2009

Via Email and/or Regular Mail

To the Members of the Association of Sunwest Investors

Re: Data Preservation

Dear Members:

Electronically stored information ("ESI") could be an important and irreplaceable source of discovery and/or evidence in this matter. The potential lawsuit requires preservation of all information from parties' and witnesses' computer systems, removable electronic media, and other locations, including yours, that relates in any way to this matter. This includes, but is not limited to, email and other electronic communication, word processing documents, spreadsheets, databases, calendars, telephone logs, contact manager information, Internet usage files, and network access information.

You should also preserve the following platforms in your custody or control: databases, networks, computer systems, including legacy systems (hardware and software), servers, archives, backup or disaster recovery systems, tapes, discs, drives, cartridges and other storage media, laptops, personal computers, Internet data, personal digital assistants, hand-held wireless devices, mobile telephones, paging devices, and audio systems (including voicemail).

All of the information contained in this letter should be preserved for the following dates and time periods: 2006 to present.

PRESERVATION OBLIGATIONS

The laws and rules prohibiting destruction of evidence apply to ESI in the same manner that they apply to other evidence. Due to its format, ESI is easily deleted, modified or corrupted. Accordingly, you must take every reasonable step to preserve this information until the final resolution of this matter. This includes, but is not limited to, an obligation to:

- Discontinue all data destruction and backup tape recycling policies;
- Preserve and not dispose of relevant hardware unless an exact replica of the file (a mirror image) is made;

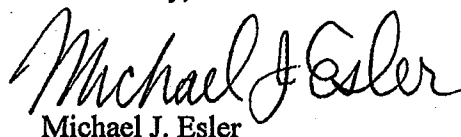
ESLER, STEPHENS & BUCKLEY

Data Preservation
October 27, 2009
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- Preserve and not destroy passwords, decryption procedures (and accompanying software), network access codes, ID names, manuals, tutorials, written instructions, decompression or reconstruction software;
- Maintain all other pertinent information and tools needed to access, review, and reconstruct necessary to access, view, and/or reconstruct all requested or potentially relevant electronic data.

Compliance with these preservation duties includes forwarding a copy of this letter to all individuals or organizations that are responsible for any of the items referred to in this letter. If this correspondence is in any respect unclear, please call me immediately. Thank you.

Yours truly,



Michael J. Esler

MJE/bh

cc: John W. Stephens, Esq.
Rick Yugler, Esq.
Gary Hardiman, Senior Legal Assistant
Angee Antoine, Legal Assistant

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October 27, 2009
Via Email or Regular Mail

ATTORNEY-CLIENT PRIVILEGED COMMUNICATION

To: Investor(s) in Sunwest Management, LLC and Related Entities

Re: Retainer Packet

Dear Investor:

You have expressed an interest in joining our group. Enclosed please find the following:

Amendment to Contingent Fee Agreement dated October 21, 2009

Client Profile and Client Privacy Notice

Agreement of the Association of Sunwest Investors

Prevailing Party Fee Disclosure

If you are receiving this via regular mail, we have placed flags by signature lines that require your signature. We ask that you please complete the Client Profile form and return same to this office along with the signature pages of the other documents. We have included an envelope for your ease in sending these back to us. If you are sending these to us via email, please send the signature pages and your completed Client Profile form to bh@eslerstephens.com.

We are also including our letter covering Data Preservation, which is very important in cases like this where there is a large volume of documents produced. As always, should you have any questions, please give me a call. Thank you.

Yours truly,


Michael J. Esler

MJE/bh

Enclosures

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COPY

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***ADMITTED IN OREGON AND WASHINGTON**

October 21, 2009

Via Email or Regular Mail

ATTORNEY-CLIENT PRIVILEGED COMMUNICATION

NOT FOR DISTRIBUTION OUTSIDE OF OUR INVESTOR GROUP

To: Current Investor-Clients in Sunwest Entities
Re: Amendment to Contingent Fee Agreement and the Agreement of the Association of Sunwest Investors

Dear Client:

As you know, since this litigation first got underway in Summer 2008, much has changed. We have kept you informed through conference calls and regular reports and a multitude of one-on-one and group conversations and emails. Those of you who came to the group more recently received explanations of the various items in the fee agreement with this firm and Landye Bennett Blumstein ("ESB/LBB"), and the Association Agreement among you investors, that have evolved as the situation evolved. For example, when the SEC entered the case in February 2009, it meant that there was always a possibility, as there still is, that the Receiver could take over the third-party litigation that is the crux of our relationship with you. The Plan now actually calls for an assignment of certain third-party claims to the Receiver, including the claims against Davis Wright Tremaine, Thompson & Knight and K&L Gates.

We thought it would be advisable to memorialize these changes and amendments to our fee agreement with you and your Association in one document, and that is the purpose of this letter. Therefore, this will record the fact that you and we have agreed to amend our fee agreement and the Association Agreement as follows:

1. Rather than the staged percentages set out in the original Contingent Fee Agreement originally dated September 4, 2008 (25%, 33 1/3%, 40% and 50%), if ESB/LBB are not paid for their services through the Court or the Receiver, ESB/LBB will charge you a flat 25% contingent fee on any third-party recoveries regardless of source or stage of negotiation/litigation. This fee is consistent with the fees being charged by the other attorneys

ESLER, STEPHENS & BUCKLEY

Amendment to 9/4/08 Retainer Packet
October 21, 2009
Page 2

who are handling Third Party litigation. It is also consistent with the guidelines used by many Federal Courts for Class Action status. The Receiver and we will try to agree on an overall fee for each case the Receiver controls, but if we are unable to do that, the fee we charge you will not exceed 25%. It is possible that fees will be re-allocated among all counsel handling Third Party litigation, either by agreement of counsel or through the Court. In any event, you will not be charged more than 25% of the recovery by us and probably less. For example, right now it looks like we will be able to reach an agreement with the Receiver that will call for a fee of 10-14% on the Davis Wright Tremaine settlement, subject to court approval. If that happens, then you will not be charged a separate or higher fee, and we will be paid by the Receiver, not you.

2. Each investor agrees to pay within 30 days any assessment made by ESB/LBB for costs incurred. The initial assessment for costs was supposed to be an amount equal to .25% of each investor's cash investment, or a minimum of \$250, whichever is greater. (If your cash investment is \$100,000, your deposit for costs would be \$250.) Many of you paid that amount, and it is being held in the ESB Client Trust Account and billed against for costs we have incurred. The Receiver has agreed to pay the costs advanced on the large common group claims, but has not done so. Consequently, costs will continue to be assessed prorata, based on your cash investment. If that amount is depleted, then each investor agrees to pay, prorata, assessments for costs as made, and if any investor fails to do so within 60 days of the assessment, ESB/LBB has the option of dropping that investor as a client or keeping that investor as a client and assessing his, her or its portion of the recovery for unpaid assessments. We will try to get the Receiver to pay all or some of the costs. To date, the Receiver has not been able to pay costs for the Third Party litigation and it remains uncertain whether he will obtain approval to do so in the future.

3. There is no Steering Committee for the Association as this time. Since the Receiver is controlling the principal litigation, there is little for the group to do except to keep up with developments and provide us with feedback about what the investors want. You would be surprised at how effective you have been in formulating the overall Plan, but I do not think you need a Steering Committee at this point. However, in the future if the group wishes to appoint a Steering Committee, the mechanism is in place to do so.

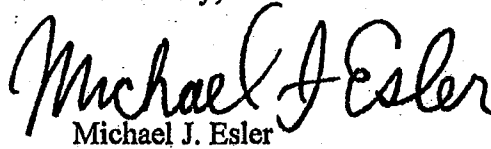
If the foregoing changes are acceptable, we would appreciate your countersigning this letter in the space provided below and returning the original signature page to us. A fax or email confirmation would also be appreciated.

ESLER, STEPHENS & BUCKLEY

Amendment to 9/4/08 Retainer Packet
October 21, 2009
Page 3

Thank you and, as always, please do not hesitate to call and of us if you have any questions or comments.

Yours truly,


Michael J. Esler

MJE/bh

cc: Kim T. Buckley, Esq.
John W. Stephens, Esq.
Rick Yugler, Esq.
Gary Hardiman, Senior Legal Assistant
Accounting Dept.

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READ, AGREED AND APPROVED:

[signature] [date]

[signature] [date]

Print name

Print name

AGREEMENT OF THE ASSOCIATION
OF SUNWEST INVESTORS

October 27, 2009

ATTORNEY-CLIENT PRIVILEGED CONFIDENTIAL COMMUNICATION

Michael J. Esler, Esq.
John W. Stephens, Esq.
Kim Buckley, Esq.
ESLER, STEPHENS & BUCKLEY
888 SW 5th Avenue, Suite 700
Portland, OR 97204-2021

Re: Litigation Arising From Investments In Projects Originated By Sunwest Management, Inc. and Related Entities (collectively "Sunwest")

Dear Mr. Esler, Mr. Stephens, and Mr. Buckley:

This letter documents the agreement of the undersigned members of the Association of Sunwest Investors (the "Association").

Each member agrees as follows:

1. Each member agrees to join the Association to facilitate litigation arising from his, her, or its investment in projects originated by Jon Harder, Sunwest Management, Inc., Canyon Creek Financial Services, Inc. and related parties.
2. In all major matters, the members of the Association will be bound by the vote of the majority measured by the amount of their cash invested. Each member's vote will be weighed according to the cash amount of that member's investment. Thus, a member who invested \$50,000 will have 50,000 votes, and a member who invested \$150,000 will have 150,000 votes.
3. Major decisions that would require the approval of a majority are those involving who to sue, whether to accept or reject a settlement offer, whether to make a counteroffer, whether to appeal, whether to employ or fire attorneys, and the like.
4. Each member agrees to pay within 30 days any assessment made by Esler, Stephens & Buckley for costs incurred and/or fees billed by Esler, Stephens & Buckley. The Receiver has agreed to pay some costs, and may pay all costs, but has not done so yet. Some members paid an assessment for costs equal to .25% of such member's cash investment, or a minimum of \$250, whichever was greater, which has been held in Esler, Stephens & Buckley's Client Trust Account and billed against. If the Receiver does not pay our costs and/or we deplete

Agreement of the Association
October 27, 2009
Page 2

the balance in trust (about \$50,000), then costs will be assessed prorata, based on your cash investment, and if you made the initial deposit you will be credited that amount. Each member agrees to pay, pro-rata, assessments for costs as made, and if any member fails to do so within 60 days of the assessment, the Association has the option of dropping that member from membership in the Association or keeping that member as a member and assessing his, her, or its portion of the recovery for unpaid assessments. **Each member agrees that if the Association and/or Esler, Stephens & Buckley elects to drop him, her, or it for failure to pay assessments, he, she, or it hereby consents to Esler, Stephens & Buckley's resignation of representation of him, her, or it, and hereby releases the Association, its members, and Esler, Stephens & Buckley (and its successors) from any claim to recover any assessments previously paid by him, her, or it or share in any recovery.** If the Association elects to keep him, her, or it as a member, his, her, or its share of any recovery will first be used to pay any unpaid assessments together with interest thereon at the rate of 12% per annum from the date each assessment was made.

5. Each member recognizes that the interests of all members of the Association are generally the same with respect to this litigation. If a waivable conflict of interest exists or arises between any members of the Association, each member agrees to follow the instructions of the Association. If a nonwaivable conflict of interest arises between any members of the Association, it will be necessary for Esler, Stephens & Buckley to withdraw from representing one or more of the members. Each member agrees to abide by the decision of the Association on who will be dropped from the Association in that event, and each member further agrees and consents to the continued representation of the remaining members of the Association by Esler, Stephens & Buckley.

6. Each member agrees that if he, she, or it withdraws or is dropped from the Association for failure to cooperate or pay assessments or for any other good faith reason, he, she, or it consents to the continued representation of the other members of the Association by Esler, Stephens & Buckley, even if there is a nonwaivable conflict of interest between him, her, or it and any other member of the Association.

7. Each member agrees that the attorney-client privilege will not prevent Esler, Stephens & Buckley (or its successor) from using any information that it receives from any member to benefit any other member of the Association. Each member further agrees to do no act, whether before or after leaving the Association, that would act as a waiver of the attorney-client privilege or work product privilege, or use or disclose privileged information that the member received, directly or indirectly, from Esler, Stephens & Buckley or from other members of the Association. If this aspect of the Agreement is breached or there is a possibility of breach in the future, each member agrees that the other members of the Association will be entitled to a temporary restraining order and a preliminary injunction upon deposit in court of \$150.00 as a Rule 82 security.

Agreement of the Association
October 27, 2009
Page 3

8. Each member agrees to use his, her, or its best efforts to assist in preparation and prosecution of the claims. Without limiting the generality of the foregoing, this means that each member will actively participate in producing documents, preparing and attending depositions, preparing and attending settlement conferences, and attending trial.

I understand and agree to the terms of this agreement and the attached fee agreement. By my execution hereof, I intend to bind both myself and each limited liability company through which I invested, all of which are listed below.

IT IS UNDERSTOOD AND AGREED:

Signature DATE

DATE

Print Name

Print Name

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