



John Laing Homes
Hand crafted since 1848

June 23, 2006

Valencia Management Company
PO Box 802920
Santa Clarita, CA 91380-2920

Attention: Ruth Moffett
Laurie Mark

Reference: St. Claire and Madison Flood Zone Status

Dear Ruth and Laurie:

In response to inquiries from many of the homeowners in the St. Claire and Madison Homeowners Associations, I am forwarding a copy of a letter that I received from John Vlassis from Sikand Engineering. Sikand Engineering was and continues to be the design civil engineering firm employed by S&S Development the master developer of the overall community. S&S Development developed the lots and installed the backbone infrastructure including the master flood control and storm drain system for the community. John Laing Homes purchased lots from S&S Development and constructed the homes in the St. Claire and Madison neighborhoods.

As explained in the attached letter from John Vlassis, there are a number of the lots in the two communities that due to their elevations were designated to be in FEMA Zone "A" at the time of construction. These lots required the homeowners to acquire flood insurance. Other lots in these two neighborhoods were at design elevations that placed them into a FEMA Zone "C". These lots did not require the homeowner to acquire flood insurance. The initial flood zone designations have apparently caused confusion amongst the members of the two homeowners associations as one homeowner may need to carry the coverage while a nearby neighbor may not.

FEMA issued a Conditional Letter of Map Revision (CLOMR) based on improvement plans and hydraulic studies prepared for the subject tracts. The CLOMR was issued based upon anticipated master-developer flood control improvements to be installed at some point in the future prior to the completion of the master-planned community. S&S Development is responsible for the installation of these improvements, some of which will not be completed until the end of the completion of the overall community. Sikand Engineering advised that the final flood control improvements will be completed by S&S in their last phase of development; the timing of which is uncertain at this point in time.

Once S&S completes construction of the final flood control improvements to the satisfaction of the local jurisdiction, FEMA will issue a Letter of Map Revision (LOMR). When this occurs, the lots in Zone "A" will be reclassified into Zone "C" and will no longer require the homeowners of these lots to carry flood insurance.

In summary, flood insurance has been and continues to be a requirement of certain designated lots in these two neighborhoods. This requirement will remain in place until S&S Development completes the final phase of flood control improvements. When these improvements are accepted by the local jurisdiction FEMA will issue a LOMR and the need to carry flood insurance will be eliminated.

I hope that this letter and the attached letter from John Vlassis will clarify the issue of who is required to carry flood insurance and how long this requirement will remain in effect.

If you should have any questions or need any additional information, please contact me at (818) 612-8268.

Sincerely,



Steve Penn
Vice President of Forward Planning and Development

cc: Tina Hargett