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September 24, 2008

**VIA ELECTRONIC/REGULAR MAIL  
FOR SETTLEMENT PURPOSES ONLY**

Matthew F. Davis, Esq.  
Demco Law Firm, P.S.  
5224 Wilson Avenue S, Suite 200  
Seattle, WA 98118-2587

Re: *V&E Medical v. DeCoursey, et ux., et al.*  
File No. 123057.0001

Dear Matt:

The parties continue to discuss settlement, and the DeCourseys are encouraged by this movement. As between the DeCourseys and Windermere only, we have discussed various forms of settlement, including a cash settlement as well as the sale of the house by DeCourseys to Windermere. You have suggested that a "Windermere" cash demand has never been provided to you by the DeCourseys. In response, please refer to the damages specifically identified in the DeCourseys' supplemental answers to Windermere's discovery requests.

The parties participated in a mediation over a month ago, and it was unsuccessful. The DeCourseys tendered a demand to Windermere at the mediation of \$600,000, and Windermere countered at \$10,000. The remainder of the mediation was then forced to focus on coverage issues resulting from [REDACTED] coverage counsels injection of such an issue into the heart of the negotiations. No other offers as between our respective clients were made that day.

A mediator's proposal was suggested for global settlement, the total split between Windermere and [REDACTED], however, was "blind" to the DeCourseys. Although we cannot know all the reasons for the mediator's proposal, it is our belief that the amount was strongly driven by coverage issues arising from [REDACTED]. Those issues are likely moot at this late date.

Shortly after the mediation, Mr. Demco and I agreed to extend the discovery cut-off date in order to continue a settlement dialogue, and you have likewise agreed to extend the ER 904 deadlines along the same vein. Your attempts to mitigate litigation costs in the attempt to settle are greatly appreciated.

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The DeCourseys' cash damages are outlined in their supplemental interrogatory answers provided to you on August 15, 2008. As we have previously argued at summary judgment, we believe that these damages proximately result from Stickney's breach of fiduciary duty and fraud. We are mindful of Windermere's position on this matter and the fact that the court has found such an issue to be for the trier of fact, here a jury. We are also mindful of the cost to proceed to trial and the risks associated with the same. Thus, for a cash settlement, the DeCourseys offer \$800,000 from Windermere together with \$50,000 from Stickney/PHSI.

There has also been discussion relating to the potential transfer of title in the home from DeCourseys to Windermere. We have discussed the general terms of such a settlement structure as a transfer of title in as-is conditions at a price equal to or greater than market value assuming no defects in construction. If Windermere is interested in pursuing such an settlement, please state the amount Windermere offers in such an arrangement. The DeCourseys will consider pursuit of such settlement structure.

Also, please provide Windermere's answers to the DeCourseys Second Set of Discovery Requests, and identify dates for the continuation of the previously noted depositions.

Matt, thank you for continuing the dialogue regarding settlement. Nonetheless, trial approaches quickly. We both agree that the costs and risks for trial are great to all parties. I look forward to hearing from you.

Very truly yours,

LANE POWELL PC

Brent L. Nourse

Cc: Client  
Andrew Gabel  
Stanton Beck

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