

# NILES·BARTON & WILMER LLP

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June 10, 2009

Board of Directors  
Charing Cross Townhouse Condominium, Inc.  
c/o Comanco, Inc.  
2139 Defense Highway  
Crofton, Maryland 21114

Re: *Christopher D. McKeon. v. Charing Cross Townhouse Condominium, inc., et al.*  
Case No.: C-08-132379  
Our File: 49226/CCTH

Dear Board:

Please accept this letter as an update in the above referenced case. On January 12, 2009, after a hearing on Defendants' Motion to Dismiss Amended Complaint, the Circuit Court for Anne Arundel County granted our motion and ordered that Mr. Christopher D. McKeon's Complaint be dismissed. However, the Court did allow Mr. McKeon leave to amend and refile Count XXI of the Amended Complaint within 15 days of the date of the order. Count XXI of the Amended Complaint is a defamation count.

Unfortunately, the Court's Order was not promptly "docketed," resulting in extra time for Mr. McKeon to draft his Second Amended Complaint, which he filed on February 13, 2009. On behalf of the Board and all of the Defendants, I filed a Motion to Dismiss the Second Amended Complaint, which was subsequently denied. Mr. McKeon then filed a Notice of Appeal on April 4, 2009.

In noting this appeal, Mr. McKeon divested the Circuit Court of its jurisdiction over the case. As the Circuit Court was slow to act on this Notice of Appeal, the Circuit Court continued to rule on several of Mr. McKeon's open motions. Further complicating this situation was that the Court issued a new Scheduling Order after the Notice of Appeal had been filed. On behalf of all the Defendants, I filed a Motion for Clarification, which prompted the Court to notify all of its departments that a Notice of Appeal had been filed and to prepare the record for transmittal to the Court of Special Appeals.

This case is now being prepared for the Court of Special Appeals. Once at the Court of Special Appeals, I expect that Mr. McKeon's brief will not be due until late this summer, with our brief being due 30 days later.

Charing Cross Townhouse Condominium, Inc.  
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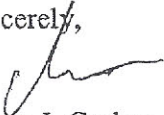
This case has been reported to the Condominium's insurance company, Millers Mutual Group. Millers denied coverage based upon the exclusion of "defamation" as a covered loss. This means that Miller Mutual Group will not pay any judgment, in the event a judgment is entered against any of the Defendants, and will not pay for the cost of attorney's fees to defend this case.

Without insurance coverage, the Condominium must pay for the cost of its own defense. Pursuant to the Bylaws, the Condominium must also indemnify the members of the Board. Under the Management Contract with Comanco, Inc., the Condominium must also indemnify Comanco, Inc. and its employees. Accordingly, the Condominium is paying for the cost to defend all of the Defendants in the case.

As this suit progresses, there may be instances where underwriters refuse to write mortgages for units in your community. While I have not seen it in your community yet, I have seen this in other condominium communities engaged in litigation as defendants. Please feel free to have lenders and real estate agents contact me and I will provide any support that I can in order to explain this case to potential lenders.

Should you have any further questions about this issue, or the case in general, please do not hesitate to contact me.

Sincerely,



Owen J. Curley

OJC/ojc