

PEREGRINE HOMEOWNERS ASSOCIATION, INC.

10202 Bluewater Hwy. Surfside Beach, Freeport, TX 77541
Telephone (979) 239-1433 Fax (979) 233-4562
Web Site: www.peregrineresort.net

October 5, 2008

Dear Peregrine Owners,

As most know, Hurricane Ike came ashore on the Texas coast in the vicinity of Peregrine Town Homes on September 13, 2008. Brazoria County officials issued a mandatory evacuation order on September 10th and Peregrine completed an orderly evacuation by that afternoon. Many thanks to Sam Wax, Site Manager, and his staff for getting everyone out of the area safely.

Hurricane Ike came ashore as a class II Hurricane with sustained wind in excess of 110 miles per hour and a 12-foot tidal surge with breaking waves on top of the surge. On September 20th, when Brazoria County allowed access to the island, Sam and his maintenance staff made the first inspection of Peregrine. A brief summary of their findings is as follows. The highway to Peregrine in both directions has large sections that are washed out. Electrical service from Surfside to Peregrine has about 6 miles of electrical poles and lines that will have to be replaced before Peregrine has electrical power. At Peregrine, the laundry building was washed away. The swimming pool area was filled with debris from the properties located across the road from Peregrine when the storm surge reversed itself back to the Gulf. There was major water erosion to the slabs under the units and to the roadways of the property. The bulkhead surrounding the property on three sides was breached by wave action in four areas. The water well, sewer and water systems received major damage due to the surge erosion. With regards to the units, most of the siding is in place, but we have major damage to 5 unit roofs and a lesser degree of damage to the remaining unit roofs. While this summary is not all-inclusive with regard to other potential damage, it gives you a feeling of how Peregrine fared through Hurricane Ike.

Both the Windstorm and the Flood Insurance Companies have been notified. The Flood Insurance adjusters have been assigned and they made their site assessment on October 2nd. The Windstorm Insurance adjuster has been assigned, and their site inspection is set to occur the week of October 13th. A property inspection by the State of Texas and Brazoria County officials occurred on October 2nd.

Once the complete damage assessment has been made, we will be in better position to estimate the time frame for the repairs to begin and the future re-open date.

We feel that it is very important to keep the Owner informed of the repair progress in a timely manner, while minimizing the cost and time required for 1500 individual mail outs. Please see the Peregrine web site www.peregrineresort.net for future updates ("Hurricane Ike Status" page) as information becomes available. Current plans are to update the web page on a weekly basis.

Peregrine is currently in the progress of setting up a temporary office on the mainland. Once this office is established with phone lines and Internet access, the web page will be updated with this information. The office staff request that questions to Peregrine is sent via the web site "Contact Us" page, (once their Internet is operational), and they will be answered by e-mail reply in the order received.

On behalf of the Board of Directors and the Peregrine Staff, we want to reassure each of you that every possible action is being taken to repair and restore Peregrine as quickly as possible. Please check the web site often for further updates.

Sincerely,

Board of Directors
Peregrine Homeowners Association, Inc.