

Re: The Preserve at Del Mar Homeowners Association (the “Association”) – Proposed Fire Defense System and Related Special Assessment

Dear Preserve at Del Mar Member:

This letter provides 60-day notice of the special assessment vote described below as required under Civil Code Section 5605(b)

As you are probably well aware, the risk of wildfire and the absence of insurance solutions (or at least at any a sensible cost) presents a real threat to our individual homes and our community. According to insurance professionals, there is little reason to believe the insurance market will “normalize” in the next several years. Presumably, home values and marketability have been and will continue to be negatively impacted, especially high-end homes in high fire areas.

In response, the Association’s Board of Directors (the “Board”) and a working group of 5 other owners (collectively, the “Working Group”) have been investigating a community perimeter fire defense system. Note that the black chain link fence located around the perimeter of the community denotes the property line of the adjacent upland residential lots. Also note that the Association is the owner of the ring of property (40 feet wide) just beyond the black fence. This Association property is subject to an open space easement.

The system under consideration (the “System”) would provide perimeter fire defense by means of spraying fire retardant into the canyons below the entire perimeter of our community. The System would consist of municipal water tie-in, retardant storage tanks, mixers, irrigation line along the base of the black fence and 69 spray heads positioned along the top of the black chain link fence around the community perimeter. The sprinkler heads will be located on top of risers located behind the fence posts. The System would be deployed manually well ahead of an approaching fire and, in any event, if not already deployed, by heat sensors when a fire is nearby. While the System is expected to provide meaningful protection to the entire community, there can be no assurance of its ultimate effectiveness, and it is not intended to replace the need for individual home fire defense measures.

The Working Group considered 3 companies providing fire defense solutions and solicited bids from two of the companies. Both companies also mainly provide individual home fire defense systems. The proposals from the two companies (Embers Protection Services and Wetline Wildfire Defense) were critiqued by the Working Group and then revised by each company.

The Working Group reached a consensus decision that while both companies offered similar qualifications, testimonials, capabilities and comparable systems, one company (Wetline) offered more competitive pricing. Several members of the Working Group also obtained proposals from both companies for individual home defense systems. Again, Wetline offered the best pricing for the individual home defense systems.

Because the System would be a new capital improvement requiring new funds to construct, approval of a special assessment to fund those costs is required. If approved and installed, the community would also incur relatively small costs to periodically test, monitor, maintain and repair the System as needed. The components of the System would need to be added to the community's next reserve study so funds could be saved over time to ensure there is money available when needed to address future issues.

The capital cost of the System (including first year testing and monitoring and a reasonable contingency) will not exceed \$350,000. This cost would be divided equally between all lots, resulting in up to a \$ 11,290 per lot special assessment. This assessment, **if passed**, will be payable in one installment **on or before [A DATE]**.

The Board has retained HOA Elect CA as a 3rd party inspector of election to solicit, receive and tabulate the ballots. You will receive a ballot to vote on this special assessment no sooner than 30 days after the date of this notice. The last day to vote will be thirty days after the ballots are distributed, and such date will be set forth in the ballot.

Civil Code 5605 states the approval percentage necessary to approve the special assessment would be a majority of a quorum. A quorum is a majority of all members. With 31 lots and 31 members, a quorum for the community is 16 members. The inspector will first determine if the votes received constitute a quorum. If a quorum exists, the inspector will determine the outcome of the vote, being the majority of the votes cast.

Additionally, recognizing that many members may have an interest in their own home fire defense system, we requested that Wetline prepare relatively generic proposals for each home in The Preserve. Those proposals are expected to be sent to homeowners by August 4, 2025. If so desired by the homeowner, the generic proposal for his or her home would be subject to refinement in features etc. based on an in person visit with Wetline.

To allow all members to pose questions to the Working Group and acquire additional background information, the meeting of the Working Group and interested homeowners will be held at a date and place to be announced. That meeting will be scheduled to occur at least a week after the proposals referenced above are received. .

To obtain the best pricing reflecting the full scope of work for the community and individual homeowners, we have requested Wetline provide a series of discounts such as the following: u% off if at least 5 homes sign up but the perimeter system is NOT approved, v% off if at least 5 homes sign up and the perimeter system IS approved; w% off if more than 5 but not more than 10 homes sign up but the perimeter system is NOT approved, x% off if more than 5 but not more than 10 homes sign up and the perimeter system IS approved; and, y% off if more than 10 homes sign up but the perimeter system is NOT approved, and z% off if more than 10 homes sign up and the perimeter system IS approved. We have also suggested that the cost of the perimeter System be discounted as a function of the number of homes that sign up with Wetline and will explore that possibility.

We will notify you of the time and place of the above-mentioned informational meeting once we are ready to schedule it. We look forward to seeing you at the informational meeting and your participation in the voting process. Note that you can verify your address for receipt of the ballot by contacting the property manager, Mauzy Management (audrey@mauzymanagement.com) or the Inspectors of Elections at www.HOAElectCA.com/associatons/preserve25.

Very truly yours

[Dana, Brandon and Michael, Board Members]